

CITY OF BELTON, MISSOURI
SINGLE AUDIT REPORT
(OMB Circular A-133)
FOR THE YEAR ENDED MARCH 31, 2011

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, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 10, 2012. 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 information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Harrisonville, Missouri
February 10, 2012

City of Belton, Missouri
Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2011

Program	CFDA#	Federal Expenditures
U.S. Department of Housing and Urban Development		
Passed Through Missouri Department of Economic Development:		
Community Development Block Grant - West Belton Drainage Project	14.228	\$ 254,485
Community Development Block Grant - Neighborhood Stabilization Land Purchase	14.228	703,750
Community Development Block Grant - Neighborhood Stabilization Single Family Rental	14.228	251,476
<i>Total U.S. Department of Housing and Urban Development</i>		<u>1,209,711</u>
U.S. Department of Justice		
Passed Through Missouri Department of Public Safety:		
Violence Against Women Formula Grant	16.588	24,292
Passed Through Kansas Bureau of Investigation:		
Drug Seizures	16.728	31,519
High Intensity Drug Task Force	16.728	75,786
<i>Total U.S. Department of Justice</i>		<u>131,597</u>
U.S. Department of Transportation		
Passed Through Missouri Department of Transportation		
Highway Planning and Construction Grants:		
ARRA Capital Investment Grant	20.500	350,328
Passed Through Missouri Department of Transportation		
State and Community Highway Safety Grants:		
Hazardous Moving Violation	20.600	5,517
April Aggressive Driving Campaign	20.600	875
Child Passenger Safety Enforcement	20.600	325
Fall Aggressive Driving Driving Campaign	20.600	1,998
Work Zone Enforcement	20.600	2,330
Passed Through Missouri Department of Transportation		
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants:		
DWI Workpack	20.601	2,408
DWI Enforcement	20.601	1,260
Sobriety Checkpoint	20.601	7,866
DWI You Drink and Drive You Lose Enforcement	20.601	998
4th of July Enforcement	20.601	387
Cinco de Mayo DWI Enforcement	20.601	395
Click it or Ticket	20.601	600
St. Patrick's Enforcement	20.601	497
Passed Through Missouri Department of Transportation		
Child Safety and Child Booster Seat Incentive Grants:		
Youth Seat Belt Enforcement Campaign	20.613	223
<i>Total U.S. Department of Transportation</i>		<u>376,007</u>
U.S. Environmental Protection Agency		
Passed Through State of Missouri Emergency		
Capitalization Grants for Drinking Water	66.468	60,685
Capitalization Grants for Drinking Water	66.468	55,113
<i>Total U.S. Environmental Protection Agency</i>		<u>115,798</u>
U.S. Department of Homeland Security:		
Passed Through Missouri Department of Public Safety		
Homeland Security Grant Program (equipment contribution)	97.067	23,373
Emergency Management Performance Grant	97.042	16,418
<i>Total U.S. Department of Homeland Security</i>		<u>39,791</u>
Total Expenditures of Federal Awards		<u>\$ 1,872,904</u>

CITY OF BELTON, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2011

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, 2011. 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, 2011.

Note 5. Non-Cash Awards

The City received the following non-cash awards in fiscal year 2011:

- A. Equipment Contributions of \$23,373 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 \$1,140,000 (\$6,825,000, Series 1991A Sewerage System Revenue Bonds) and \$90,000 (\$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, 2011**

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 11-01 and 11-02.

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>
20.500	ARRA-Federal Transit Capital Investment Grants
14.228	CDBG—West Belton Drainage Project
14.228	CDBG—Neighborhood Stabilization Land Purchase
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, 2011**

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:

11-01 Prior Period Corrections

Condition:

During the current audit, Belton, Missouri, discovered errors in the prior year that required prior period restatements. 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.

Management Response:

During our audit, the City Finance Director instituted new procedures to record all water department inventory, to properly account for investment premiums and discounts, and recorded the certified interest obligation to the developer.

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.

Management Response:

Belton, Missouri, had some errors in the budget document that were not caught. Also, we did not amend the budget to account for additional spending. The Finance Director has 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.

Summary Schedule of Prior Audit Findings:

None. The City did not require a single audit in fiscal 2010.

**CITY OF BELTON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2011**

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:

None. No single audit required in fiscal 2010.

**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, and each major fund of Belton, Missouri (the City), as of and for the year ended March 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 10, 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

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 opinion 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 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 findings 11-01 and 11-02. 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*.

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.

David Deamon, C. P. A.

Harrisonville, Missouri
February 10, 2012

**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, 2011. 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. 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, 2011.

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 10, 2012