

**CITY OF BELTON, MISSOURI**  
**SINGLE AUDIT REPORT**  
**(OMB Circular A-133)**  
**FOR THE YEAR ENDED MARCH 31, 2013**

# **CITY OF BELTON, MISSOURI**

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**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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated November 15, 2013, which contained unmodified 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 basic 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 basic financial statements or to the basic 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 basic financial statements taken as a whole.



Harrisonville, Missouri  
November 22, 2013

**City of Belton, Missouri**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended March 31, 2013**

Program	CFDA#	Contract / Award #	Federal Expenditures
<b>U.S. Department of Housing and Urban Development,</b>			
<b>Passed Through Missouri Department of Economic Development:</b>			
CDBG - Neighborhood Stabilization Program Income	14.228	2008-DN-01	\$ 155,252
CDBG - East Cimarron - Markey Meadows Sewer Project	14.228	2010-PF-31	429,377
CDBG - Neighborhood Stabilization Single Family Rental	14.228	2008-DN-01	1,286
CDBG - Cimarron Trails Storm Drainage Project	14.228	2010-PF-09	83,443
<i>Total U.S. Department of Housing and Urban Development</i>			<u>669,358</u>
<b>U.S. Department of Justice:</b>			
<b>Passed Through Missouri Department of Public Safety,</b>			
Violence Against Women Formula Grant	16.588	2010-VAWA-087-0S	30,864
<b>Passed Through Kansas Bureau of Investigation,</b>			
High Intensity Drug Task Force	95.001	903	103,854
<i>Total U.S. Department of Justice</i>			<u>134,718</u>
<b>U.S. Department of Transportation,</b>			
<b>Passed Through Missouri Department of Transportation:</b>			
Highway Planning and Construction Safe Routes to School	20.205	SRTS-NI-H304 (501)	2,645
Highway Planning and Construction Oil Creek Greenway Trail	20.205	STP -3400 (411)	226,616
Highway Planning and Construction 163rd Street Improvements	20.205	STP - 3400 (421)	474,619
Hazardous Moving Violation	20.600	12-PT-02-004	4,106
Hazardous Moving Violation	20.600	13-PT-02-002	3,813
Spring Aggressive Driving Campaign	20.600	BPC0401Z	2,444
Child Passenger Safety Enforcement	20.600	12-OP-05-002	148
Click it or Ticket	20.600	12-OP-05-005	635
DWI Enforcement	20.601	12-154-AL-007	2,174
DWI Enforcement	20.601	12-154-AL-008	1,389
Sobriety Checkpoint	20.601	12-154-AL-007	1,284
Sobriety Checkpoint	20.601	12-154-AL-008	3,714
Sobriety Checkpoint	20.601	13-154-AL001	3,334
Work Zone Enforcement	20.601	4WZEA06Z	857
DWI Enforcement	20.607	12-154-AL-083	1,587
<i>Total U.S. Department of Transportation</i>			<u>729,365</u>
<b>U.S. Department of Health and Human Services,</b>			
<b>Passed Through Missouri Department of Social Services,</b>			
Victim Assistance Grant	93.671	S DA 3960407	374
<i>Total U.S. Department of Health and Human Services</i>			<u>374</u>
<b>U.S. Department of Homeland Security,</b>			
<b>Passed Through Missouri Department of Public Safety,</b>			
Emergency Management Performance Grant	97.042	-	25,069
<i>Total U.S. Department of Homeland Security</i>			<u>25,069</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,558,884</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, 2013**

**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, 2013. 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.

**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, 2013.

**CITY OF BELTON, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED MARCH 31, 2013**

**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:  
Significant deficiency identified. Not considered a material weakness.

See finding 13-01.

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:  
Material weakness and significant deficiency identified.

Type Audit Report Issued on Compliance for Major Programs:  
Qualified on Highway Planning and Construction Program.  
Unmodified on Community Development Block Grant.

Audit Findings:  
The audit disclosed audit findings that are required to be reported under OMB A-133. See findings 13-02 and 13-03.

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.205	Highway Planning and Construction
14.228	Community Development Block Grant (CDBG)

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, 2013**

**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:

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

Significant Deficiency

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.

Criteria:

In accordance with the provisions of OMB Circular A-133, the City is responsible for the preparation of the SEFA. A reconciliation of the SEFA to the general ledger should be performed throughout the year in order to ensure the SEFA is complete and accurate.

Questioned Costs

None

Cause

The internal control procedures that should have been in operation were not followed or monitored properly to perform a complete and accurate reconciliation of the SEFA to the general ledger.

Effect

Inaccurate identification of program expenditures can result in inaccurate risk assessments, identification of major programs, materiality determination, identification of compliance requirements, and reporting errors.

Recommendation

We recommend the City review procedures for preparing and reviewing information contained in the SEFA to ensure that it is accurate and complete.

Management's Response/ Corrective Action

We agree with the findings which were caused in part by program income and amounts on the SEFA recorded with revenues. The City will develop procedures to ensure this is corrected in future years.

**CITY OF BELTON, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

**Section 2 – Financial Statement Findings (continued)**

**Summary Schedule of Prior Audit Findings:**

**12-01 Payment Errors to Contractor**

**Condition**

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.

**Current Status**

The contractor paid back all overpayments to the City.



**CITY OF BELTON, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

**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:

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

Significant Deficiency

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.

Criteria

Federal regulations require all laborers and mechanics employed by contractors or subcontractors on construction contracts in excess of \$2,000 and financed by federal assistance to be paid wages not less than prevailing wage rates. Contractors must submit weekly for each week in which any contract work is performed a copy of all payrolls. Each payroll submitted must be accompanied by a "Statement of Compliance" signed by the contractor certifying that each laborer or mechanic has been paid not less than the applicable prevailing wage rates.

Questioned Costs

None

Cause

The City had contracted the Davis Bacon compliance to an external engineering firm. During the past two fiscal years the City had established controls for monitoring the engineering firm to ensure they were verifying compliance. However, during this fiscal year, the City obtained signed affidavits of prevailing wage compliance, but had overlooked obtaining copies of the actual certified payrolls as required by their monitoring procedures.

Effect

Labors and mechanics could be paid at less or more than prevailing wage rates.

**CITY OF BELTON, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

**Section 3 – Federal Award Findings and Questioned Costs (continued)**

Summary Schedule of Current Audit Findings (continued):

Recommendation

We recommend the City implement policies and procedures for Davis Bacon requirements. These policies should include a confirmation that all payrolls are received weekly and approved by appropriate City personnel and that the payrolls contain the necessary statement of compliance to insure the contractors and subcontractors are paying prevailing wage rates.

Management's Response/ Corrective Action

During the audit, management requested and obtained the missing certified payrolls from the engineering firm, and verified that the engineering firm had tested for Davis Bacon compliance. The City had implemented internal controls to verify prevailing wage requirements. However, a change in personnel and other matters caused a situation in which obtaining the certified payrolls were missed. The City will develop new controls to ensure this is corrected on future grants.

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

Material Weakness

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.

Criteria

Federal regulation OMB Circular A-87 requires expenditures be adequately documented, for actual costs incurred, as well as several other requirements. Per section 136.11.13.3 of The Missouri Department of Transportation's (MoDOT) Local Public Agency (LPA) Construction guide, "The LPA must submit invoices to MoDOT for reimbursement of costs contained in the agreements and contracts as they are incurred".

Questioned Costs

\$122,000 - This amount was calculated by taking the costs which were identifiable for the asset multiplying by the federal percentage of costs (75%) and subtracting the amount the City requested for reimbursement on the project.

**CITY OF BELTON, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2013**

**Section 3 – Federal Award Findings and Questioned Costs (continued)**

Summary Schedule of Current Audit Findings (continued):

Cause

City employees and supervisors submitting invoices for reimbursement to the State were under the impression they could charge costs to the project based on the budget.

Effect

The City may be required to submit proof of costs or to repay costs which have been deemed to be based on budgets. The City also may have additional requirements and monitoring by State or Federal departments for which they receive federal monies.

Recommendation

We recommend the City implement policies and procedures for allowable costs and cost principles. These policies should include reviewing State and Federal requirements for proper reimbursement procedures and reviewing the OMB Circular A-133 compliance supplement for future federal grant compliance requirements.

Management's Response/ Corrective Action

The questioned costs noted above are due to the City's use of city employees to complete major portions of the federal project. Documentation was not prepared or retained to properly document employee time. The City is now aware of the requirements for documenting employee costs used in federal programs and what costs can be reimbursed. The City will implement procedures to ensure this is corrected on future grants.

Summary Schedule of Prior Audit Findings:

None.



**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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 22, 2013.

***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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 13-01, that we consider to be a significant deficiency.

### ***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 November 22, 2013.

### **City of Belton, Missouri's Response to Findings**

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.

### ***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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Harrisonville, Missouri  
November 22, 2013

**Independent Auditor's Report on Compliance for Each Major Program and  
on Internal Control Over Compliance 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, 2013. 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.

### ***Basis for Qualified Opinion on CFDA # 20.205 Highway Planning and Construction***

As described in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding CFDA # 20.205 Highway Planning and Construction as described in findings 13-02 and 13-03 for Allowable Costs and Davis Bacon. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to the Highway Planning and Construction Program.

### ***Qualified Opinion on Highway Planning and Construction***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Highway Planning and Construction Program for the year ended March 31, 2013.

### ***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended March 31, 2013.

### ***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 a 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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.



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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 13-03 to be a material weakness.


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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 13-02 to be a significant deficiency.

### **City of Belton, Missouri's Response to Findings**

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***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.



Harrisonville, Missouri  
November 22, 2013