



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

David A. Vaudt, CPA
Auditor of State

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NEWS RELEASE

FOR RELEASE

August 28, 2009

Contact: Andy Nielsen
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Auditor of State David A. Vaudt today released an audit report on Delaware Township, located in Polk County, Iowa, for the year ended June 30, 2008.

The Township's receipts totaled \$172,137 for the year ended June 30, 2008. The receipts included \$136,144 in property tax, \$9,900 from the sale of cemetery lots, \$18,391 from operating grants and contributions, \$1,010 from unrestricted interest on investments and \$6,692 from other general receipts.

Disbursements for the year ended June 30, 2008 totaled \$228,141, and included \$133,919 for equipment, \$17,886 for building improvements and \$11,406 for gas and oil.

A copy of the audit report is available for review in the Township Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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DELAWARE TOWNSHIP
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2008

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Delaware Township

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Linda Hart	Trustee	Jan 2009
Donald Kerby	Trustee	Jan 2009
Richard Groves	Trustee	Jan 2011
Stacey Foster	Clerk	Jan 2011
David Hibbard	Assistant Polk County Attorney	Indefinite

Delaware Township



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Independent Auditor's Report

To the Trustees of Delaware Township:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Delaware Township as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements are prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Also, as permitted by the Code of Iowa, the accounting records of the Township have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2007.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2007, as discussed in the preceding paragraph, the financial statements referred to above presents fairly, in all material respects, the cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of Delaware Township as of June 30, 2008, and the respective changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Delaware Township has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated August 6, 2009 on our consideration of Delaware Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 18 and 19 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Delaware Township's basic financial statements. Other supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2007, as discussed in the third paragraph, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

August 6, 2009

Basic Financial Statements

Delaware Township

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2008

	Total	Functions/	
		Fire	Ambulance
Disbursements:			
Building improvements	\$ 17,886	-	-
Supplies	8,404	5,864	2,023
Sanitation	390	-	-
Insurance	10,641	9,669	972
Utilities	7,406	4,778	2,171
Equipment	133,919	97,699	30,836
Repair and maintenance	5,881	5,251	530
Gas and oil	11,406	9,935	1,471
Training	2,018	473	1,545
Communications	6,280	4,704	1,437
Mowing	10,500	-	-
Cemetery gate	5,380	-	-
Miscellaneous	8,030	6,476	775
Total disbursements	228,141	144,849	41,760
Program receipts:			
Operating grants and contributions	18,391	18,391	-
Net program disbursements	209,750	126,458	41,760
General receipts:			
Property tax	136,144		
Sale of cemetery lots	9,900		
Interest on investments	1,010		
Miscellaneous	6,692		
Total general receipts	153,746		
Change in cash basis net assets	(56,004)		
Cash basis net assets beginning of year	153,824		
Cash basis net assets end of year	\$ 97,820		
Cash Basis Net Assets:			
Restricted:			
Fire	\$ 45,483		
Ambulance	20,025		
Town Hall	7,932		
Cemetery	7,557		
Litigation	12,249		
Equipment	4,574		
Total cash basis net assets	\$ 97,820		

See notes to financial statements.

Programs	
Town Hall	Cemetery
17,886	-
450	67
-	390
-	-
-	457
4,104	1,280
100	-
-	-
-	-
139	-
-	10,500
-	5,380
779	-
23,458	18,074
-	-
23,458	18,074

Delaware Township

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2008

	Fire	Ambulance	Special Town Hall
Receipts:			
Property tax	\$ 85,383	27,582	15,082
Interest on investments	625	314	-
Grants	-	-	-
Sale of cemetery lots	-	-	-
Donations	602	-	-
Fundraisers	4,692	-	-
Miscellaneous	2,811	57	3,787
Total receipts	94,113	27,953	18,869
Disbursements:			
Building improvements	-	-	17,886
Supplies	5,864	2,023	450
Sanitation	-	-	-
Insurance	9,669	972	-
Utilities	4,778	2,171	-
Equipment	84,602	30,836	4,104
Repair and maintenance	5,251	530	100
Gas and oil	9,935	1,471	-
Training	473	1,545	-
Communications	4,704	1,437	139
Mowing	-	-	-
Cemetery gate	-	-	-
Miscellaneous	6,476	775	706
Total disbursements	131,752	41,760	23,385
Deficiency of receipts under disbursements	(37,639)	(13,807)	(4,516)
Other financing sources (uses):			
Operating transfers in	-	18,430	-
Operating transfers out	-	(10,000)	(1,200)
Total other financing sources (uses)	-	8,430	(1,200)
Net change in cash balances	(37,639)	(5,377)	(5,716)
Cash balances beginning of year	83,122	25,402	13,648
Cash balances end of year	\$ 45,483	20,025	7,932
Cash Basis Fund Balances			
Unreserved:			
Special revenue funds	\$ 45,483	20,025	7,932

See notes to financial statements.

Revenue		
Cemetery	Nonmajor	Total
8,097	-	136,144
71	-	1,010
-	13,097	13,097
9,900	-	9,900
-	-	602
-	-	4,692
-	37	6,692
18,068	13,134	172,137
-	-	17,886
67	-	8,404
390	-	390
-	-	10,641
457	-	7,406
1,280	13,097	133,919
-	-	5,881
-	-	11,406
-	-	2,018
-	-	6,280
10,500	-	10,500
5,380	-	5,380
-	73	8,030
18,074	13,170	228,141
(6)	(36)	(56,004)
400	10,000	28,830
(7,630)	(10,000)	(28,830)
(7,230)	-	-
(7,236)	(36)	(56,004)
14,793	16,859	153,824
7,557	16,823	97,820
7,557	16,823	97,820

Delaware Township

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies

Delaware Township is a political subdivision of Polk County, Iowa. The Township is governed by three Trustees elected on a non-partisan basis. The Township provides emergency fire, ambulance and cemetery maintenance services.

A. Reporting Entity

For financial reporting purposes, Delaware Township has included all funds, organizations, agencies, boards, commissions and authorities. The Township has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Township are such that exclusion would cause the Township's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Township to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Township. The Township has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Government-wide Financial Statement - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from this statement.

The Statement of Activities and Net Assets presents the Township's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified. The Township has no unrestricted net assets at June 30, 2008.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The Township reports the following major governmental funds:

Special Revenue:

The Fire Fund is utilized to account for all resources used in providing fire protection service for the Township. The Trustees may purchase, own, rent or maintain fire protection service equipment and provide housing for the equipment.

The Ambulance Fund is utilized to account for all resources used in providing emergency medical services for the Township. The Trustees may purchase, own, rent or maintain emergency medical service equipment and provide housing for the equipment.

The Town Hall Fund is utilized to account for all resources used to maintain and furnish a Town Hall.

The Cemetery Fund is utilized to account for all resources used for the operation and maintenance of cemeteries.

C. Measurement Focus and Basis of Accounting

Delaware Township maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Township are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the Township funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the Township's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements exceeded the amounts budgeted for the Fire and Ambulance, Town Hall and Equipment Funds.

(2) Cash and Pooled Investments

The Township's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Township is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Township Trustees; prime eligible bankers acceptances; certain high rated commercial paper;

perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Township had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Long-Term Debt

Capital Lease Purchase Agreement

On December 16, 2005, the Township entered into a capital lease purchase agreement to lease a pumper truck for the fire department with a historical cost of \$250,000. The Township made an initial down payment of \$100,000 and financed the remainder of the cost, to be paid in ten annual installments beginning December 2006. The following is a schedule of future minimum lease payments, including interest at 4.69% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2008:

Year Ending June 30,	Amount
2009	\$ 19,134
2010	19,134
2011	19,134
2012	19,134
2013	19,134
2014-2016	<u>57,403</u>
Total minimum lease payments	153,073
Less amount representing interest	<u>(27,840)</u>
Present value of net minimum lease payments	<u>\$ 125,233</u>

(4) Risk Management

Delaware Township is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Township's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Township's annual contribution to the Pool for the year ended June 30, 2008 was \$8,316.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each accident, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The Township also carries commercial insurance purchased from other insurers for coverage associated with workers compensation. The Township assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from this risk have not exceeded commercial insurance coverage in any of the past three fiscal years.

Delaware Township

Required Supplementary Information

Delaware Township
 Budgetary Comparison Schedule of Disbursements
 Budget and Actual

Required Supplementary Information

Year ended June 30, 2008

Funds/Levy	Original and Final Budget	Actual	Variance between Actual and Final Budget
Major funds:			
Fire and Ambulance	\$ 131,000	173,512	(42,512)
Town Hall	12,000	23,385	(11,385)
Cemetery	20,000	18,074	1,926
Nonmajor funds:			
Litigation	4,000	73	3,927
Equipment	-	13,097	(13,097)
Total	<u>\$ 167,000</u>	<u>228,141</u>	<u>(61,141)</u>

The Fire and Ambulance Funds are combined to be comparable to the Fire and Emergency Services levy budget.

See accompanying independent auditor's report.

Delaware Township

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

In accordance with the Code of Iowa, the Board of Trustees annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing statutorily prescribed procedures.

Formal and legal budgetary control is based upon funds. All funds are required to be budgeted. During the year, there were no budget amendments.

During the year ended June 30, 2008, disbursements exceeded the amounts budgeted in the Fire and Ambulance, Town Hall and Equipment Funds.

Delaware Township

Other Supplementary Information

Schedule 1

Delaware Township

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2008

	Special Revenue		
	Litigation	Equipment	Total
Receipts:			
Grants	\$ -	13,097	13,097
Miscellaneous	-	37	37
Total receipts	-	13,134	13,134
Disbursements:			
Equipment	-	13,097	13,097
Miscellaneous	73	-	73
Total disbursements	73	13,097	13,170
Excess (deficiency) of receipts over (under) disbursements	(73)	37	(36)
Other financing sources (uses):			
Operating transfers in	10,000	-	10,000
Operating transfers out	(10,000)	-	(10,000)
Total other financing sources (uses)	-	-	-
Net change in cash balances	(73)	37	(36)
Cash balances beginning of year	12,322	4,537	16,859
Cash balances end of year	\$ 12,249	4,574	16,823
Cash Basis Fund Balances			
Unreserved:			
Special revenue funds	\$ 12,249	4,574	16,823

See accompanying independent auditor's report.

**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**

Delaware Township



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STATE OF IOWA

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Auditor of State

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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 Trustees of Delaware Township:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Delaware Township as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements listed in the table of contents, and have issued our report thereon dated August 6, 2009. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 Delaware Township'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 our opinion on the effectiveness of Delaware Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Delaware Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Delaware Township's ability to initiate, authorize, record, process or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of Delaware Township's financial statements that is more than inconsequential will not be prevented or detected by Delaware Township's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Delaware Township's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items (A) and (B) are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Delaware Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Township's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Township. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

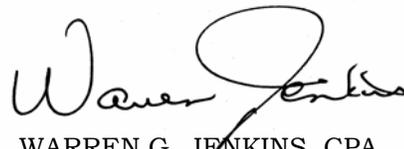
Delaware Township's written responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Township's responses, we did not audit Delaware Township's responses and, accordingly, we express no opinion on them.

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

August 6, 2009

Delaware Township
Schedule of Findings
Year ended June 30, 2008

Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

- (A) Segregation of Duties – During our review of internal control, the existing controls were evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the Township's financial statements. One person had control over each of the following areas for the Township:
- (1) Accounting system – performing all general accounting functions and custody of assets.
 - (2) Cash – initiating cash receipt and disbursement transactions and handling and recording cash.
 - (3) Receipts – opening mail, collecting and posting.
 - (4) Disbursements – check writing, check signing, processing and recording.
 - (5) Financial reporting – preparing and reconciling.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the operating procedures should be reviewed to obtain the maximum internal control possible under the circumstances. Officials and other current personnel should be utilized to provide additional control through review of financial transactions and reconciliations. Such reviews should be performed by independent persons to the extent possible and should be evidenced by initials or signature of the reviewer and the date of the review.

Response – The Clerk will open the mail, will write checks and prepare the financial statements with the Trustee present. The Trustees will review, initial and date all financial statements prepared by the Clerk.

Conclusion – Response acknowledged. Officials and other current personnel should also be utilized to provide additional control through review of financial transactions and reconciliations. Such reviews should be performed by independent persons to the extent possible and should be evidenced by initials or signature of the reviewer and the date of the review.

- (B) Bank Reconciliations – The Township's monthly financial reports were not reconciled to bank balances throughout the year and listings of outstanding checks were not prepared and retained.

Recommendation – The monthly financial reports should be reconciled to bank balances monthly and all reconciling items should be documented, including a list of outstanding checks. The Township Trustees should review the reconciliations and document their review by initialing and dating the monthly reconciliations.

Response – The Clerk has set up a new financial report which helps her reconcile monthly bank balances, including outstanding checks. The Trustees will review this report, sign and date it.

Conclusion – Response accepted.

Delaware Township

Schedule of Findings

Year ended June 30, 2008

- (C) Chart of Accounts and Accounting System – The Township does not have an established chart of accounts. The accounting system consisted of check registers maintained by the Township Clerk for each bank account recording deposits and checks written. General and subsidiary ledgers have not been established. Although monthly reports are provided to the Trustees, the reports provide only total receipt and disbursement information by fund and do not provide budget to actual comparison information.

Recommendation – While not required, the Township would benefit from financial records (general and subsidiary ledgers) which categorize receipt and disbursement activity for each fund and provide information on budget to actual status, at least monthly, throughout the year.

These records would facilitate and provide better control over disbursements by activity and would help identify when budget amendments are needed before disbursements are allowed to exceed the budget.

Response – The Clerk has set up a monthly ledger which categorizes all activity for each fund.

Conclusion – Response accepted.

- (D) Receipts – Prenumbered receipts are not issued for all collections. Collections were not always deposited timely. Supporting documentation was not available for donation and fundraising receipts.

Recommendation – Prenumbered receipts should be issued at the time of collection to provide additional control over the proper collection and recording of all money. Also, control over cash collections is strengthened when they are deposited intact timely. To substantiate the amount collected, donations and fundraising receipts should be accompanied by supporting documentation.

Response – Prenumbered receipts and tickets have been purchased and will be used to help with the proper collection and recording of all money for documentation purposes. Resolution 5.3.2009 has been passed regarding the timely deposit of monies collected.

Conclusion – Response acknowledged. Resolution 5.3.2009 states, in part, “Monies received. . . are to be deposited in the proper account. . . within 15 days as required by Chapter 12C.2 of the Code of Iowa.” However, Chapter 12C.2 of the Code of Iowa does not specify or require deposit within 15 days. The Township should consider depositing at least once a week.

- (E) Disbursements – Certain disbursements were not approved and certain other disbursements were not approved by the Trustees prior to disbursement. The Township has a written disbursement approval policy allowing certain items to be paid prior to Trustee approval. However, the policy does not require a listing of disbursements paid prior to approval be provided to the Trustees at the next Trustee meeting for review and approval.

In addition, two payments totaling \$3,000 for care at the cemetery were not supported by contract or other supporting documentation.

Delaware Township

Schedule of Findings

Year ended June 30, 2008

Recommendation – All Township disbursements should be approved by the Trustees prior to disbursement with the exception of those specifically allowed by policy. For those disbursements paid prior to Trustee approval, a listing should be provided to the Trustees at the next Trustee meeting for review and approval.

All disbursements should be supported by contract, original invoices or other supporting documentation.

Response – Trustee approval will be given to the Clerk for all Township disbursements prior to disbursement. The Clerk will provide a monthly listing of all disbursements to the Trustees for review at the monthly Trustee meeting, along with bank information. The Trustees will initial and date this list. The Trustees will ensure all disbursements are supported by contract, original invoice or other supporting documentation.

Conclusion – Response accepted.

- (F) Written Policies – The Township does not have written policies and procedures in place for all major operations of the Township. Certain invoices are split for payment between various funds. The Trustees should identify which bills will be allocated and the allocation basis to be used. In addition, the Township does not have written policies governing internet usage, personal use of the Township’s computer equipment and software or policies ensuring only software licensed to the Township is installed on the computer.

Recommendation – The Township should establish written policies addressing the noted areas.

Response – A written policy will be created to show which funds invoices are paid from. If an invoice is to be split between funds, a procedure will be used.

Resolution 5.2.2009 has been passed regarding the usage of the Township’s computer equipment.

Conclusion – Response accepted.

- (G) Accounting Procedures Manual – We encourage the development of an office procedures and standardized accounting manual for the Township. This manual should provide the following benefits:

- (1) Aid to training additional or replacement personnel.
- (2) Help achieve uniformity in accounting and in the application of policies and procedures.
- (3) Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

Recommendation – An office procedures and accounting manual should be prepared for the Township.

Response – Manuals have been set up in the office to help identify procedures and policies within the fire and rescue department.

Delaware Township

Schedule of Findings

Year ended June 30, 2008

Conclusion – Response acknowledged. An office procedures and accounting manual should be prepared covering all departments and funds within the Township, including the Cemetery, Town Hall, Litigation and Equipment Funds.

- (H) Checks – Although no instances were noted during fiscal 2008, according to Township personnel, past practice has allowed the writing of checks to “cash” or “bearer” in circumstances where a particular vendor does not accept checks. Township policies do not prohibit this practice.

Recommendation – The Township should establish policies which prohibit the issuance of checks to “cash” or “bearer”.

Response – Checks will no longer be written to cash. If a vendor will not accept a check, the vendor will not be used.

Conclusion – Response accepted.

- (I) Timesheets – Although timesheets are prepared and submitted each pay period by all personnel, the timesheets are not approved by the employee’s immediate supervisor.

Recommendation – Timesheets should be signed by the employee and should be reviewed and signed by the employee's immediate supervisor or department head prior to submission. The timesheets should support all hours worked and all hours taken as vacation, sick leave, compensatory time, holiday hours and personal days.

Response – The Trustees and Clerk of Delaware Township complete a “Township Clerk and Trustee Compensation” form provided to them by the Polk County Auditor’s Office. The Auditor’s Office reviews the timesheets as there is not a supervisor or department head to do so. Vacation, sick leave, compensatory time, holiday hours and personal days do not apply.

Conclusion – Response acknowledged. The Township Clerk’s timesheet should be reviewed and approved by a Trustee each pay period.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Delaware Township
 Schedule of Findings
 Year ended June 30, 2008

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2008 exceeded the amounts budgeted in the Fire and Ambulance, Town Hall and Equipment Funds.

Recommendation – The budget should have been amended in sufficient amounts in accordance with Chapter 359.50 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – In the future, the Trustees will amend the budget in sufficient amounts as required.

Conclusion – Response accepted.

- (2) Questionable Disbursements – Certain disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. The disbursements are detailed as follows:

Paid to	Purpose	Amount
Adventureland	Admission and meals for Volunteer Appreciation Day	\$ 2,463
Linda Hart	Reimbursement for holiday hams and turkeys given to firefighters	309
Sprint	Text messages (not included in cell phone plan)	26

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The Trustees should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the Trustees should establish written policies and procedures, including the requirements for proper documentation.

Response – The Adventureland Appreciation Day and holiday hams and turkeys were used to help gain and maintain personnel. Reimbursement to Linda Hart was because the best price for the hams and turkeys was at Aldi’s and they do not accept checks. We will discontinue the Adventureland Appreciation Day and purchase of hams and turkeys.

The Sprint text messages were discovered by the Clerk and brought to the attention of the Trustees. They were not authorized and were stopped immediately.

Conclusion – Response accepted.

- (3) Travel Expense – No disbursements of Township money for travel expenses of spouses of Township officials or employees were noted.

Delaware Township

Schedule of Findings

Year ended June 30, 2008

- (4) Township Minutes – No transactions were found that we believe should have been approved in the Township minutes but were not. However, Trustees did not sign the minutes from the Township meetings and minutes from three meetings held were not approved by the Trustees in subsequent meetings.

Recommendation – All minutes should be signed by the Trustees to authenticate action taken. Minutes for each meeting should be reviewed and approved by the Trustees at the next meeting and the approval should be documented in the minutes.

Response – All minutes of meetings will be reviewed, approved, signed and dated by the Trustees.

Conclusion – Response accepted.

- (5) Deposits and Investments – Except as follows, no instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa were noted.

A written investment policy has not been adopted in accordance with Chapter 12B.10B of the Code of Iowa.

A resolution naming official depositories has not been adopted as required by Chapter 12C.2 of the Code of Iowa.

Recommendation – The Trustees should adopt an investment policy as required. A depository resolution in amounts sufficient to cover anticipated balances at all approved depositories should be adopted by the Trustees.

Response – The Trustees will adopt a written investment policy. Resolution 5.3.2009 has been adopted as required by Chapter 12C.2 of the Code of Iowa.

Conclusion – Response acknowledged. Although the Trustees adopted a resolution to name an approved depository, the resolution does not specify the maximum amount which may be kept on deposit in each approved depository as required by Chapter 12C.2 of the Code of Iowa.

- (6) Annual Financial Report – The Statement of Receipts and Expenditures required by Chapter 359.23 of the Code of Iowa to be filed with the Polk County Auditor contained numerous errors.

Recommendation – The Township should submit an amended Statement of Receipts and Expenditures to the County Auditor.

Response – We will work to correct the errors in the Statement of Receipts and Expenditures. An amended copy will be sent to the County Auditor.

Conclusion – Response accepted.

- (7) Lease Purchase Agreement – The Township entered into a lease purchase agreement for a rescue pumper truck and did not request the County to issue anticipatory bonds payable from future tax collections to fund the equipment purchase as required by Chapter 359.45 of the Code of Iowa.

Delaware Township

Schedule of Findings

Year ended June 30, 2008

Recommendation – The Township should comply with requirements in the Code of Iowa for issuing debt.

Response – We were unaware the rescue pumper truck should not have been purchased this way. We will comply with requirements in the Code of Iowa for issuing debt in the future.

Conclusion – Response accepted.

- (8) Inappropriate Use of Ambulance Levy – During the year ended June 30, 2008, the following disbursements were made from the Ambulance Fund/Emergency Services levy:

- A laptop computer costing \$800 was purchased for use by the Township Clerk.
- A mower and weed eater costing \$7,630 were purchased primarily for use at the Township Cemetery.

Use of the Emergency Services Levy to purchase these items appears to violate Chapter 359.43 of the Code of Iowa which establishes the levy of an annual tax for emergency medical services. While the above items may be needed to maintain and run the ambulance service, their use extends well beyond the ambulance department and, accordingly, the cost should have been allocated to other applicable departments, taking into account their primary intended use.

Recommendation – The Township should reimburse the Ambulance Fund through corrective transfers from the appropriate funds. Corrective transfers were recorded as of June 30, 2008 to reflect the proper fund balances at that date.

Response – The Ambulance Fund will be reimbursed \$800 from the Town Hall Fund for the clerk's computer. This will be approved in meeting minutes by the Trustees.

\$7,630 will be reimbursed to the Ambulance Fund from the Cemetery Fund for the mower and weed eater. This will be approved in meeting minutes by the Trustees.

These transfers were approved and made on May 20, 2009.

Conclusion – Response accepted.

- (9) Township Hall Tax Levy – During the year ended June 30, 2008, the Township levied and collected a tax pursuant to Chapter 360.2 of the Code of Iowa which provides for a voted levy to purchase or lease a public hall. The tax was levied without the required election and the tax dollars were used to remodel and repair the existing town hall building, a use provided for by the levy established in Chapter 360.8 of the Code of Iowa, a non-voted levy. The amount levied under Chapter 360.2 of the Code of Iowa did not exceed the limit set by Chapter 360.8 of the Code of Iowa.

Recommendation – The Trustees should ensure future taxes are levied pursuant to the statute applicable to the intended use of the funds. Future levies under Chapter 360.2 of the Code of Iowa should be preceded by an election as required.

Delaware Township

Schedule of Findings

Year ended June 30, 2008

Response – Future taxes will be levied pursuant to intended use of funds to remodel the fire department.

Conclusion – Response accepted.

- (10) Disposal of Property – Chapter 359.52 of the Code of Iowa requires, before a Township can dispose of an interest in personal property, “the board of trustees shall set forth its proposal in a resolution and shall publish notice of the resolution and of a date, time and place of a public hearing on the proposal.” During the year ended June 30, 2008, the Township sold a vehicle and snow plow for \$2,000 and \$800, respectively, but did not publish notice of the resolution or hold public hearing on the matter as required.

Recommendation – The Township should comply with Chapter 359.52 of the Code of Iowa when disposing of an interest in personal property.

Response – The Delaware Township Trustees have adopted a resolution regarding disposal of property.

Conclusion – Response accepted.

- (11) Inappropriate Use of Litigation Fund – Chapter 359.19 of the Code of Iowa provides for a tax levy to employ legal counsel for litigation cases “in which the interest of the county and those of the trustees are adverse” and, accordingly, the Township cannot be represented by the County Attorney. Prior to July 1, 2007, the Township levied and collected taxes pursuant to Chapter 359.19 of the Code of Iowa. During the year ended June 30, 2008, the Township transferred \$10,000 of the litigation tax collections from the Litigation Fund to the Ambulance Fund to “reduce the excess balance of the fund and invest the money in an interest bearing account.” The taxes collected pursuant to Chapter 359.19 of the Code of Iowa are restricted for the specific use set out by statute. Accordingly, the transfer of those tax collections to the Ambulance Fund may violate the Code of Iowa.

Recommendation – The Township should reimburse \$10,000 to the Litigation Fund through corrective transfer from the Ambulance Fund. Use of the Litigation Fund balance should be in compliance with Chapter 359.19 of the Code of Iowa. A corrective transfer was recorded as of June 30, 2008 to reflect the proper fund balances at that date.

Response – The Trustees will approve in a township meeting the reimbursement of \$10,000 to the Litigation Fund from the Ambulance Fund. This transfer was subsequently approved and made on May 20, 2009.

Conclusion – Response accepted.

Delaware Township

Schedule of Findings

Year ended June 30, 2008

(12) Nepotism – Chapter 71 of the Code of Iowa states, in part:

“It shall hereafter be unlawful for any person elected or appointed to any public office or position under the laws of the state or by virtue of the ordinance of any city in the state, to appoint as deputy, clerk, or helper in said office or position to be paid from the public funds, any person related by consanguinity or affinity, within the third degree, to the person elected, appointed, or making said appointment, unless such appointment shall first be approved by the officer, board, council or commission whose duty it is to approve the bond of the principal; provided this provision shall not apply in cases where such person appointed receives compensation at the rate of six hundred dollars per year or less.”

The Township paid \$5,380 to Jeff Foster, Township Clerk Stacey Foster’s husband, for opening and closing gates at the Berwick Cemetery from July 2007 through June 30, 2008. There is no evidence the Trustees formally approved the hiring of this relative of the Township Clerk as required by Chapter 71 of the Code of Iowa.

Recommendation – The payments to Jeff Foster may not comply with Chapter 71 of the Code of Iowa since his hiring was not approved by the Trustees. The Township should establish procedures to require Trustee approval prior to hiring relatives of Trustee employees and officials to ensure compliance with Chapter 71 of the Code of Iowa. The Township should consult legal counsel to determine the disposition of this matter.

Response – Trustees Richard W. Groves, Don Kerby and Linda Hart did approve hiring Jeff Foster to open and close the gates at Berwick Cemetery. This job was posted at Casey’s General Store, Dahl’s, HyVee, offered to the firefighters and in the Township minutes. It requires someone to be able to open and close the gates 365 days a year. Jeff Foster is the only person who was interested. There is an automatic renewal, with the Trustees approval, as long as the job is being performed. The Trustees will consult the Township Attorney regarding this matter.

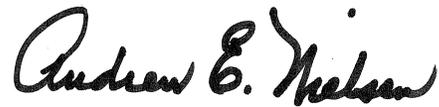
Conclusion – Response acknowledged. To comply with Chapter 71 of the Code of Iowa, approval for hiring relatives of current employees should be clearly documented in the Trustee minutes record.

Delaware Township

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager
Jennifer L. Wall, CPA, Senior Auditor
Jenny M. Podrebarac, Staff Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a prominent initial "A".

Andrew E. Nielsen, CPA
Deputy Auditor of State