



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

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NEWS RELEASE

FOR RELEASE

September 6, 2011

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Delaware Township, located in Polk County, Iowa, for the six months ended December 31, 2010 and for the years ended June 30, 2010 and June 30, 2009.

The Township's receipts totaled \$102,183 for the six months ended December 31, 2010. The receipts included \$87,820 in property tax, \$12,000 from the sale of cemetery lots, \$45 from unrestricted interest on investments and \$2,318 from other general receipts. The Township's receipts totaled \$200,710 for the year ended June 30, 2010. The receipts included \$187,295 in property tax, \$7,400 from the sale of cemetery lots, \$266 from unrestricted interest on investments and \$5,749 from other general receipts. The Township's receipts totaled \$175,191 for the year ended June 30, 2009. The receipts included \$148,361 in property tax, \$6,800 from the sale of cemetery lots, \$247 from unrestricted interest on investments and \$19,783 from other general receipts.

Disbursements for the six months ended December 31, 2010 totaled \$127,287, and included \$45,321 for equipment, \$21,019 for repair and maintenance and \$12,037 for supplies. Disbursements for the year ended June 30, 2010 totaled \$220,993, and included \$103,894 for equipment, \$26,657 for repair and maintenance and \$13,082 for supplies. Disbursements for the year ended June 30, 2009 totaled \$136,507, and included \$29,966 for equipment, \$18,254 for communications and \$14,840 for supplies.

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/1013-0000-B00F.pdf>.

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DELAWARE TOWNSHIP

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

**SIX MONTHS ENDED DECEMBER 31, 2010
AND YEARS ENDED JUNE 30, 2010 AND JUNE 30, 2009**

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Delaware Township

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2009)		
Linda Hart	Trustee	Jan 2009
Donald Kerby	Trustee	Jan 2009
Richard Groves	Trustee	Jan 2011
Stacey Foster	Clerk	Jan 2011
(Between January 2009 and January 2011)		
Donald Kerby	Trustee	(Resigned)
Larry Haley (Appointed)	Trustee	Nov 2010
Richard Groves	Trustee	Jan 2011
Linda Hart	Trustee	Jan 2013
Stacey Foster	Clerk	Jan 2011
(After January 2011)		
Linda Hart	Trustee	Jan 2013
Sherry Hornbacher	Trustee	Jan 2013
Rochell Comer	Trustee	Jan 2015
Kim Overton	Clerk	Jan 2015
Nicholas Bailey	Attorney	Indefinite

Delaware Township



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David A. Vaudt, CPA
Auditor of State

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 six months ended December 31, 2010 and the years ended June 30, 2010 and June 30, 2009, 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.

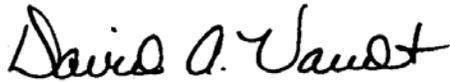
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of Delaware Township as of December 31, 2010, June 30, 2010 and June 30, 2009, and the respective changes in its cash basis financial position for the periods then ended in conformity with the basis of accounting described in Note 1.

Delaware Township has not presented Management's Discussion and Analysis 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 8, 2011 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 26 through 28 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, 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 8, 2011

Basic Financial Statements

Delaware Township

Statement of Activities and Net Assets – Cash Basis

As of and for the six months ended December 31, 2010

	Total	Functions/	
		Fire	Ambulance
Disbursements:			
Fire Chief salary	\$ 3,250	1,625	1,625
Supplies	12,037	10,388	1,623
Fundraising supplies	735	735	-
Contractual services	5,423	2,991	1,819
Utilities	3,507	1,244	1,142
Sanitation	1,073	219	109
Equipment	45,321	27,121	11,825
Repair and maintenance	21,019	7,720	89
Gas and oil	4,609	2,906	1,703
Training	2,545	450	2,095
Communications	4,373	2,946	1,427
Mowing	9,585	560	-
Cemetery gate	8,685	-	-
Miscellaneous	5,125	5,094	31
Total disbursements	127,287	63,999	23,488
General receipts:			
Property tax	87,820		
Interest on investments	45		
Sale of cemetery lots	12,000		
Donations	200		
Fundraisers	605		
Miscellaneous	1,513		
Total general receipts	102,183		
Change in cash basis net assets	(25,104)		
Cash basis net assets beginning of period	116,221		
Cash basis net assets end of period	\$ 91,117		
Cash Basis Net Assets:			
Restricted:			
Fire	\$ 37,046		
Ambulance	22,702		
Town Hall	5,830		
Cemetery	16,609		
Litigation	714		
Equipment	8,216		
Total cash basis net assets	\$ 91,117		

See notes to financial statements.

Programs		
Town Hall	Cemetery	Litigation
-	-	-
26	-	-
-	-	-
-	-	613
868	253	-
-	745	-
6,375	-	-
2,154	11,056	-
-	-	-
-	-	-
-	-	-
725	8,300	-
-	8,685	-
-	-	-
10,148	29,039	613

Delaware Township

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2010

	Total	Functions/	
		Fire	Ambulance
Disbursements:			
Supplies	\$ 13,082	8,331	3,434
Fundraising supplies	1,243	1,243	-
Contractual services	9,228	878	-
Insurance	11,097	5,374	4,607
Utilities	7,773	2,471	1,358
Sanitation	1,011	435	216
Equipment	103,894	90,691	12,974
Repair and maintenance	26,657	17,109	1,603
Gas and oil	12,777	5,565	7,212
Training	1,601	912	689
Communications	6,653	4,364	2,289
Building improvements	9,277	-	-
Mowing	9,750	-	-
Cemetery gate	5,475	-	-
Miscellaneous	1,475	1,284	77
Total disbursements	220,993	138,657	34,459
General receipts:			
Property tax	187,295		
Interest on investments	266		
Charges for service	150		
Sale of cemetery lots	7,400		
Fundraisers	4,930		
Miscellaneous	669		
Total general receipts	200,710		
Change in cash basis net assets	(20,283)		
Cash basis net assets beginning of year	136,504		
Cash basis net assets end of year	\$ 116,221		
Cash Basis Net Assets:			
Restricted:			
Fire	\$ 47,108		
Ambulance	30,765		
Town Hall	8,003		
Cemetery	20,802		
Litigation	1,327		
Equipment	8,216		
Total cash basis net assets	\$ 116,221		

See notes to financial statements.

<u>Programs</u>			
<u>Town Hall</u>	<u>Cemetery</u>	<u>Litigation</u>	<u>Equipment</u>
732	-	585	-
-	-	-	-
-	-	8,350	-
-	1,116	-	-
3,663	281	-	-
-	360	-	-
229	-	-	-
129	5,126	-	2,690
-	-	-	-
-	-	-	-
-	-	-	-
9,277	-	-	-
-	9,750	-	-
-	5,475	-	-
-	-	114	-
<u>14,030</u>	<u>22,108</u>	<u>9,049</u>	<u>2,690</u>

Delaware Township

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2009

	Total	Functions/	
		Fire	Ambulance
Disbursements:			
Salaries:			
Fire Chief	\$ 1,650	1,650	-
Fire and ambulance calls	3,630	2,455	1,175
Supplies	14,840	9,029	4,462
Fundraising supplies	748	748	-
Contractual services	2,371	1,194	677
Insurance	12,118	1,654	1,654
Utilities	6,267	1,214	602
Sanitation	1,048	432	216
Equipment	29,966	24,355	2,360
Repair and maintenance	7,457	5,528	369
Gas and oil	10,450	8,409	2,041
Training	1,525	913	612
Communications	18,254	7,247	2,753
Building improvements	2,178	-	-
Mowing	12,650	-	-
Cemetery gate	5,475	-	-
Miscellaneous	5,880	3,208	2,187
Total disbursements	136,507	68,036	19,108
General receipts:			
Property tax	148,361		
Interest on investments	247		
Charges for service	10,450		
Sale of cemetery lots	6,800		
Sale of assets	2,800		
Donations	656		
Fundraisers	5,264		
Miscellaneous	613		
Total general receipts	175,191		
Change in cash basis net assets	38,684		
Cash basis net assets beginning of year	97,820		
Cash basis net assets end of year	\$ 136,504		
Cash Basis Net Assets:			
Restricted:			
Fire	\$ 74,381		
Ambulance	31,167		
Town Hall	6,736		
Cemetery	3,752		
Litigation	10,376		
Equipment	10,092		
Total cash basis net assets	\$ 136,504		

See notes to financial statements.

<u>Programs</u>			
<u>Town Hall</u>	<u>Cemetery</u>	<u>Litigation</u>	<u>Equipment</u>
-	-	-	-
-	-	-	-
1,265	84	-	-
-	-	-	-
-	-	500	-
8,810	-	-	-
3,985	466	-	-
-	400	-	-
-	-	1,298	1,953
90	1,470	-	-
-	-	-	-
-	-	-	-
-	-	-	8,254
2,178	-	-	-
-	12,650	-	-
-	5,475	-	-
-	410	75	-
<u>16,328</u>	<u>20,955</u>	<u>1,873</u>	<u>10,207</u>

Delaware Township

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

As of and for the six months ended December 31, 2010

	Fire	Ambulance	Special Town Hall
Receipts:			
Property tax	\$ 51,589	15,410	7,975
Interest on investments	30	15	-
Sale of cemetery lots	-	-	-
Donations	200	-	-
Fundraisers	605	-	-
Miscellaneous	1,513	-	-
Total receipts	53,937	15,425	7,975
Disbursements:			
Fire Chief salary	1,625	1,625	-
Supplies	10,388	1,623	26
Fundraising supplies	735	-	-
Contractual services	2,991	1,819	-
Utilities	1,244	1,142	868
Sanitation	219	109	-
Equipment	27,121	11,825	6,375
Repair and maintenance	7,720	89	2,154
Gas and oil	2,906	1,703	-
Training	450	2,095	-
Communications	2,946	1,427	-
Mowing	560	-	725
Cemetery gate	-	-	-
Volunteer appreciation	4,567	-	-
Miscellaneous	527	31	-
Total disbursements	63,999	23,488	10,148
Deficiency of receipts under disbursements	(10,062)	(8,063)	(2,173)
Net change in cash balances	(10,062)	(8,063)	(2,173)
Cash balances beginning of period	47,108	30,765	8,003
Cash balances end of period	\$ 37,046	22,702	5,830
Cash Basis Fund Balances			
Unreserved:			
Special revenue funds	\$ 37,046	22,702	5,830

See notes to financial statements.

Revenue		
Cemetery	Nonmajor	Total
12,846	-	87,820
-	-	45
12,000	-	12,000
-	-	200
-	-	605
-	-	1,513
24,846	-	102,183
-	-	3,250
-	-	12,037
-	-	735
-	613	5,423
253	-	3,507
745	-	1,073
-	-	45,321
11,056	-	21,019
-	-	4,609
-	-	2,545
-	-	4,373
8,300	-	9,585
8,685	-	8,685
-	-	4,567
-	-	558
29,039	613	127,287
(4,193)	(613)	(25,104)
(4,193)	(613)	(25,104)
20,802	9,543	116,221
16,609	8,930	91,117
16,609	8,930	91,117

Delaware Township

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

As of and for the year ended June 30, 2010

	Fire	Ambulance	Special Town Hall
Receipts:			
Property tax	\$ 113,860	34,010	15,297
Interest on investments	219	47	-
Charges for service	-	-	-
Sale of cemetery lots	-	-	-
Fundraisers	4,930	-	-
Miscellaneous	5	-	-
Total receipts	119,014	34,057	15,297
Disbursements:			
Supplies	8,331	3,434	732
Fundraising supplies	1,243	-	-
Contractual services	878	-	-
Insurance	5,374	4,607	-
Utilities	2,471	1,358	3,663
Sanitation	435	216	-
Equipment	90,691	12,974	229
Repair and maintenance	17,109	1,603	129
Gas and oil	5,565	7,212	-
Training	912	689	-
Communications	4,364	2,289	-
Building improvements	-	-	9,277
Mowing	-	-	-
Cemetery gate	-	-	-
Volunteer appreciation	989	-	-
Miscellaneous	295	77	-
Total disbursements	138,657	34,459	14,030
Excess (deficiency) of receipts over (under) disbursements	(19,643)	(402)	1,267
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(7,630)	-	-
Total other financing sources (uses)	(7,630)	-	-
Net change in cash balances	(27,273)	(402)	1,267
Cash balances beginning of year	74,381	31,167	6,736
Cash balances end of year	\$ 47,108	30,765	8,003
Cash Basis Fund Balances			
Unreserved:			
Special revenue funds	\$ 47,108	30,765	8,003

See notes to financial statements.

Revenue		
Cemetery	Nonmajor	Total
24,128	-	187,295
-	-	266
-	150	150
7,400	-	7,400
-	-	4,930
-	664	669
<u>31,528</u>	<u>814</u>	<u>200,710</u>
-	585	13,082
-	-	1,243
-	8,350	9,228
1,116	-	11,097
281	-	7,773
360	-	1,011
-	-	103,894
5,126	2,690	26,657
-	-	12,777
-	-	1,601
-	-	6,653
-	-	9,277
9,750	-	9,750
5,475	-	5,475
-	-	989
-	114	486
<u>22,108</u>	<u>11,739</u>	<u>220,993</u>
<u>9,420</u>	<u>(10,925)</u>	<u>(20,283)</u>
7,630	-	7,630
-	-	(7,630)
<u>7,630</u>	-	-
17,050	(10,925)	(20,283)
3,752	20,468	136,504
<u>20,802</u>	<u>9,543</u>	<u>116,221</u>
<u>20,802</u>	<u>9,543</u>	<u>116,221</u>

Delaware Township

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

As of and for the year ended June 30, 2009

	Fire	Ambulance	Special Town Hall
Receipts:			
Property tax	\$ 93,111	30,191	14,732
Interest on investments	165	59	-
Charges for service	-	-	-
Sale of cemetery lots	-	-	-
Sale of assets	2,800	-	-
Donations	656	-	-
Fundraisers	-	-	-
Miscellaneous	202	-	400
Total receipts	96,934	30,250	15,132
Disbursements:			
Salaries:			
Fire Chief	1,650	-	-
Fire and ambulance calls	2,455	1,175	-
Supplies	9,029	4,462	1,265
Fundraising supplies	748	-	-
Contractual services	1,194	677	-
Insurance	1,654	1,654	8,810
Utilities	1,214	602	3,985
Sanitation	432	216	-
Equipment	24,355	2,360	-
Repair and maintenance	5,528	369	90
Gas and oil	8,409	2,041	-
Training	913	612	-
Communications	7,247	2,753	-
Building improvements	-	-	2,178
Mowing	-	-	-
Cemetery gate	-	-	-
Volunteer appreciation	1,983	2,162	-
Miscellaneous	1,225	25	-
Total disbursements	68,036	19,108	16,328
Excess (deficiency) of receipts over (under) disbursements	28,898	11,142	(1,196)
Net change in cash balances	28,898	11,142	(1,196)
Cash balances beginning of year	45,483	20,025	7,932
Cash balances end of year	\$ 74,381	31,167	6,736
Cash Basis Fund Balances			
Unreserved:			
Special revenue funds	\$ 74,381	31,167	6,736

See notes to financial statements.

Revenue		
Cemetery	Nonmajor	Total
10,327	-	148,361
23	-	247
-	10,450	10,450
6,800	-	6,800
-	-	2,800
-	-	656
-	5,264	5,264
-	11	613
17,150	15,725	175,191
-	-	1,650
-	-	3,630
84	-	14,840
-	-	748
-	500	2,371
-	-	12,118
466	-	6,267
400	-	1,048
-	3,251	29,966
1,470	-	7,457
-	-	10,450
-	-	1,525
-	8,254	18,254
-	-	2,178
12,650	-	12,650
5,475	-	5,475
-	-	4,145
410	75	1,735
20,955	12,080	136,507
(3,805)	3,645	38,684
(3,805)	3,645	38,684
7,557	16,823	97,820
3,752	20,468	136,504
3,752	20,468	136,504

Delaware Township

Notes to Financial Statements

December 31, 2010, June 30, 2010, June 30, 2009

(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 as restricted net assets, which result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

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

The 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.

(2) Cash and Pooled Investments

The Township's deposits in banks at December 31, 2010, June 30, 2010 and June 30, 2009 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 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 December 31, 2010:

<u>Year Ending June 30,</u>	<u>Amount</u>
2011	\$ -
2012	19,134
2013	19,134
2014	19,134
2015	19,134
2016	<u>19,134</u>
Total minimum lease payments	95,670
Less amount representing interest	<u>(12,114)</u>
Present value of net minimum lease payments	<u>\$ 83,556</u>

Payments under the capital lease purchase agreement for the six months ended December 31, 2010 and the years ended June 30, 2010 and June 30, 2009 were \$19,134, \$19,134 and \$19,134, respectively.

(4) Risk Management

The 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 634 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 contributions to the Pool for the years ended June 30, 2010 and June 30, 2009 were \$9,214 and \$8,810, respectively.

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 \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

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. For the years ended June 30, 2010 and June 30, 2009, 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.

(5) Related Party Transactions

The Township had business transactions between the Township and Township officials and relatives totaling \$29,554, \$20,205 and \$18,910 during the six months ended December 31, 2010 and the years ended June 30, 2010 and June 30, 2009, respectively.

Delaware Township

Required Supplementary Information

Delaware Township
 Budgetary Comparison Schedule of Disbursements
 Budget and Actual

Required Supplementary Information

Year ended June 30, 2010

Funds/Levy	Original and Final Budget	Actual	Variance between Actual and Final Budget
Major funds:			
Fire and Ambulance*	\$ 164,764	173,116	(8,352)
Town Hall	12,000	14,030	(2,030)
Cemetery	22,000	22,108	(108)
Nonmajor funds:			
Litigation	1,000	9,049	(8,049)
Equipment	-	2,690	(2,690)
Total	<u>\$ 199,764</u>	<u>220,993</u>	<u>(21,229)</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
 Budgetary Comparison Schedule of Disbursements
 Budget and Actual

Required Supplementary Information

Year ended June 30, 2009

Funds/Levy	Original and Final Budget	Actual	Variance between Actual and Final Budget
Major funds:			
Fire and Ambulance*	\$ 120,000	87,144	32,856
Town Hall	12,000	16,328	(4,328)
Cemetery	15,000	20,955	(5,955)
Nonmajor funds:			
Litigation	1,000	1,873	(873)
Equipment	-	10,207	(10,207)
Total	<u>\$ 148,000</u>	<u>136,507</u>	<u>11,493</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

For the years ended June 30, 2010 and June 30, 2009

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 years ended June 30, 2010 and June 30, 2009, there were no budget amendments.

During the year ended June 30, 2010, disbursements exceeded the amounts budgeted in the Fire and Ambulance, Town Hall, Cemetery, Litigation and Equipment Funds. During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the Town Hall, Cemetery, Litigation and Equipment Funds.

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 six months ended December 31, 2010

	Special Revenue		
	Litigation	Equipment	Total
Receipts	\$ -	-	-
Disbursements:			
Contractual services	613	-	613
Deficiency of receipts under disbursements	(613)	-	(613)
Cash balances beginning of period	1,327	8,216	9,543
Cash balances end of period	\$ 1,327	8,216	9,543
Cash Basis Fund Balances			
Unreserved:			
Special revenue funds	\$ 714	8,216	8,930

See accompanying independent auditor's report.

Delaware Township

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

As of and for the year ended June 30, 2010

	Special Revenue		
	Litigation	Equipment	Total
Receipts:			
Charges for service	\$ -	150	150
Miscellaneous	-	664	664
Total receipts	-	814	814
Disbursements:			
Supplies	585	-	585
Contractual services	8,350	-	8,350
Repair and maintenance	-	2,690	2,690
Miscellaneous	114	-	114
Total disbursements	9,049	2,690	11,739
Deficiency of receipts under disbursements	(9,049)	(1,876)	(10,925)
Cash balances beginning of year	10,376	10,092	20,468
Cash balances end of year	\$ 1,327	8,216	9,543
Cash Basis Fund Balances			
Unreserved:			
Special revenue funds	\$ 1,327	8,216	9,543

See accompanying independent auditor's report.

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, 2009

	Special Revenue		
	Litigation	Equipment	Total
Receipts:			
Charges for service	\$ -	10,450	10,450
Fundraisers		5,264	5,264
Miscellaneous	-	11	11
Total receipts	-	15,725	15,725
Disbursements:			
Contractual services	500	-	500
Equipment	1,298	1,953	3,251
Communications	-	8,254	8,254
Miscellaneous	75	-	75
Total disbursements	1,873	10,207	12,080
Excess (deficiency) of receipts over (under) disbursements	(1,873)	5,518	3,645
Cash balances beginning of year	12,249	4,574	16,823
Cash balances end of year	\$ 10,376	10,092	20,468
Cash Basis Fund Balances			
Unreserved:			
Special revenue funds	\$ 10,376	10,092	20,468

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



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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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 six months ended December 31, 2010 and the years ended June 30, 2010 and June 30, 2009, which collectively comprise the Township's basic financial statements listed in the table of contents, and have issued our report thereon dated August 8, 2011. 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control 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 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 a material misstatement of Delaware Township's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) and (B) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (C) through (K) to be significant deficiencies.

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 which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Township's operations for the six months ended December 31, 2010 and the years ended June 30, 2010 and June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements 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 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 and 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 8, 2011

Delaware Township

Schedule of Findings

Six months ended December 31, 2010 and
the years ended June 30, 2010 and June 30, 2009

Findings Related to the Financial Statements:

INTERNAL CONTROL 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.

Responses –

Trustees Comer and Hornbacher - The Clerk will open all of the mail, pay bills and prepare financials with Trustees present. The Trustees will review, initial and date all work done by Clerk.

Trustee Hart – Trustee meetings, open to the public, were held approximately once a week. All three Trustees and the Clerk, firefighters and residents attended these meetings. Trustee Don Kerby was the only one who ever missed a meeting, due to vacations, etc. Kerby was always notified by cell phone, due to this absence, for his approval of action taken in the meetings.

All general accounting functions were performed by the Clerk in the meetings. This included collecting the mail from the post office box and opening it, initiating cash receipts and disbursement transactions, handling and recording cash, check writing, check signing, processing and recording and prepared a monthly financial report as advised by the previous State Audit. Invoices were stamped, dated and approved by the Trustees and the Clerk was instructed as to what fund to pay them from. At the beginning of each month, the Clerk provided the Trustees with the previous month’s financial status.

An inventory of Delaware Township assets was completed by the Trustees, Clerk and Firefighters by December of each year and provided to Lew Doubleday of Doubleday Insurance Agency during January of each year.

Delaware Township

Schedule of Findings

Six months ended December 31, 2010 and
the years ended June 30, 2010 and June 30, 2009

Conclusions –

Trustees Comer and Hornbacher – Response acknowledged. The Trustees should evidence their participation in the mail opening by initialing and dating an initial listing prepared at that time.

Trustee Hart – Response acknowledged. Written evidence does not exist to support general accounting functions were performed at the Trustee meetings. Evidence of support would consist of Trustee initials and dates when procedures were completed.

- (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.

Responses –

Trustees Comer and Hornbacher – The Clerk will reconcile the financial reports and bank statements monthly and the Trustees will approve and sign off on them.

Trustee Hart – Monthly financial reports will be reconciled to bank balances and documented including a list of outstanding checks. The Trustees will review the reconciliations and date and initial the reconciliations.

Conclusions – Responses accepted.

- (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.

Responses –

Trustees Comer and Hornbacher – The Township has purchased QuickBooks accounting software and the Clerk will use it.

Trustee Hart – At the previous State Audit, the State Auditor’s Office helped the Clerk set up general and subsidiary ledgers in the Trustee Office computer used by the Clerk. The Clerk prepared these ledgers in the monthly meetings, at which time, the Trustees assisted and reviewed them.

Delaware Township

Schedule of Findings

Six months ended December 31, 2010 and
the years ended June 30, 2010 and June 30, 2009

Conclusions –

Trustees Comer and Hornbacher – Response acknowledged. The accounting package should categorize receipt and disbursement activity for each fund.

Trustee Hart – Response acknowledged. Township records consisted of check registers and monthly summaries of total receipts, disbursements and cash balances by fund. Categorizations of receipts and disbursements were not evident.

- (D) Written Policies – The Township does not have written policies and procedures in place for all major operations of the Township. Certain invoices were split for payment between various funds. However, the Township has not determined proper expenditure allocation for all operations.

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

Responses –

Trustees Comer and Hornbacher – The 2 new trustees and new clerk are in the process of establishing the written policies.

Trustee Hart – A written policy did exist regarding the payment of regular monthly bills such as utilities. Certain bills were split to be paid three months from one fund and the fourth month from another. All other monthly bills were stamped, approved, dated, initialed and the Clerk was instructed which fund to pay them from in the meetings.

A resolution regarding internet usage was written during the previous State Audit and has been enforced.

The Fire Chief has a disaster recovery plan in place with Polk County Dispatch Center and surrounding fire departments, called the 28E Agreement. This is also called a Mutual Aid Agreement.

Conclusions –

Trustees Comer and Hornbacher – Response accepted.

Trustee Hart – Response acknowledged. Comprehensive policies and procedures were not available. Current allocation of expenditures is not comprehensive. The disaster recovery policy for Polk County would not provide sufficient details for Township financial recovery.

- (E) 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.

Delaware Township

Schedule of Findings

Six months ended December 31, 2010 and
the years ended June 30, 2010 and June 30, 2009

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

Responses –

Trustees Comer and Hornbacher – The two new trustees and new clerk are in the process of establishing the accounting procedures manual.

Trustee Hart – As I had previously been the Clerk of Delaware Township, I worked closely with the Clerk. A yearly calendar was kept on the table in the Trustee Office with postings of yearly events, start and end dates of volunteers, yearly bills, major events, etc. Files containing five years of monthly accounting and invoices, keys to all equipment and the building, binders containing five years of Township Meetings Minutes and Financial Statements, Berwick Cemetery records, etc. were kept in the Trustee Office along with a computer containing a lot of this information used by the Clerk.

Conclusions –

Trustees Comer and Hornbacher – Response accepted.

Trustee Hart – Response acknowledged. A yearly calendar is not considered sufficient to provide consistency in the preparation of accounting records and does not provide a resource for training new personnel.

(F) Receipts – An independent person does not open the mail and prepare an initial listing of collections.

Pre-numbered receipts are not issued for all collections, including collections from fundraisers and donations.

A donation of \$62 for the Township Hall was noted in the July 12, 2010 minutes. However, deposit of the monies could not be located in the accounting or bank records.

Recommendation – An independent person should open the mail and prepare an initial listing of receipts. This listing should be reconciled to daily deposits by an independent person.

Pre-numbered receipts should be issued at the time of collection to provide additional control over the proper collection and recording of all money. To substantiate the amount collected, donations and fundraising receipts should be accompanied by supporting documentation.

All donations should be deposited into Township accounts and recorded in the accounting records.

Responses –

Trustees Comer and Hornbacher – Currently, one person does open and prepare the list of receipts. Currently, pre-numbered receipts are issued at the time of monies collected.

Trustee Hart – The Clerk should collect the mail and open it at the monthly Township Meeting with all 3 Trustees, Firefighters and public present. This would allow for discussion of the bills and enable all 3 Trustees to OK, initial and date each invoice and instruct the Clerk as to which account the invoice is to be paid from.

Delaware Township

Schedule of Findings

Six months ended December 31, 2010 and
the years ended June 30, 2010 and June 30, 2009

Pre-numbered receipts should be issued at the time money, donations and fundraising items are collected. Supporting documentation will accompany these receipts. All donations will be deposited into Township accounts and be recorded in the accounting records.

Conclusions – Responses acknowledged. An independent person should reconcile the list of receipts to daily deposits.

- (G) Disbursements – Certain disbursements were not approved and 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.

15 of the 139 disbursements tested were not properly supported by invoice, contract or other documentation.

Certain disbursements should have been allocated between various funds. However, supporting documentation does not indicate the fund(s) from which the invoice should be paid or the basis to justify the fund(s) charged.

Certain disbursements were for equipment or software which could not be located at the Township hall.

Three payments were prepaid to individuals in December 2010 for calendar year 2011. The payments were made to Robert Rogers for \$525 for waste removal at the cemetery and to Jeff Foster for \$5,475 for opening and closing the cemetery gates. Troy Harmison was paid \$3,250 for six months' salary in advance. The monthly salary as stated in his contract was \$500. We were unable to determine the purpose of the \$250 paid in excess of the amount stated in the contract.

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.

The Township should adopt a resolution stating which bills will be allocated and the allocation basis to be used.

The Township should properly track and account for all equipment and software purchased with Township funds.

The Township should not prepay disbursements.

Responses –

Trustees Comer and Hornbacher – There will be no further prepayments. All disbursements will be approved before they are paid. All invoices must have backup documentation and approval before being paid. The matter of prepaid contracts will be forwarded to the township attorney. We have started using an inventory list that tracks all equipment and software. We have established a set percentage that pays all utility bills.

Delaware Township

Schedule of Findings

Six months ended December 31, 2010 and
the years ended June 30, 2010 and June 30, 2009

Trustee Hart – All Township disbursements should be reviewed and approved by all 3 Trustees prior to disbursement and there will be no prepaid disbursements.

All 3 Trustees should adopt a Resolution regarding the bills to be allocated and the allocation basis.

A monthly check out sheet should be prepared by the Firefighters and provided to the Trustees at the monthly meetings for all vehicles and fire department property. This would help track and account for all inventory purchased with Township funds.

Conclusions –

Trustees Comer and Hornbacher – Response accepted.

Trustee Hart – Response acknowledged. All disbursements should be supported by contract, original invoices or other supporting documentation.

(H) Checks – Township policies do not prohibit writing checks to “cash.”

Recommendation – The Township should establish a policy which prohibits the issuance of checks to “cash” or “bearer”.

Responses –

Trustees Comer and Hornbacher – We do use vendors that do not accept checks. No checks to “cash” will be approved.

Trustee Hart – Since the previous State Audit, no checks have been written for cash. If a vendor will not accept a check, that vendor is no longer used.

Conclusions – Responses acknowledged. No checks written to cash were noted subsequent to issuance of the fiscal year 2008 audit findings. The Township should establish a policy which prohibits the issuance of checks to “cash” or “bearer.”

(I) Compensation for Fire and Rescue Calls – For several months during the year ended June 30, 2009, the Township paid fire and rescue personnel a set rate for each call. Response had to be within a certain time limit and volunteers had to respond to at least 15% of the calls within the month.

Fire and rescue call logs did not support the amounts paid to certain fire and rescue personnel. In addition, summary sheets documenting the amounts paid showed certain personnel responded to more than 15% of the calls for the month, yet they were not paid.

Recommendation – Fire and rescue personnel should be paid according to the parameters established by the Trustees. Proper supporting documentation should be maintained to support the amounts paid.

Responses –

Trustees Comer and Hornbacher – Our volunteers do not get paid at this time. In the future if we are able to pay the volunteers, call logs/time sheets and supporting documentation will be maintained before payments are approved.

Delaware Township

Schedule of Findings

Six months ended December 31, 2010 and
the years ended June 30, 2010 and June 30, 2009

Trustee Hart – The call logs were to be presented to the Trustees on certain dates by the Fire Chief. Because the Fire Chief did not provide the documentation, the Trustees ended the compensation. Only the firefighters off probation making 15% of the monthly calls were paid. Those on probation were not paid.

Conclusions – Responses acknowledged. If the Township reinstates fire fighter compensation, the Township should clearly define the parameters establishing the requirements for compensation.

- (J) Timesheets – Although timesheets are prepared and submitted each pay period by all paid personnel, the timesheets for the Clerk 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.

Responses –

Trustees Comer and Hornbacher – The two new trustees and the new clerk from this point forward will approve each others time sheets.

Trustee Hart – The Clerk fills out her Polk County Township Clerk and Trustee Compensation Form and mails it to the Polk County Auditor's Office, Central Accounting – Payroll, 111 Court Avenue – Room 310, Des Moines, Iowa, 50309 monthly. Although she did do most of her work with the Trustees present, she did spend time without our presence. This might include trips to the bank, post office, trips for fire/rescue purchases, etc.

Conclusions –

Trustees Comer and Hornbacher – Response accepted.

Trustee Hart – Response acknowledged. Although timesheets are submitted to Polk County, approval for hours worked should be evidenced by a Trustee's initials and date.

- (K) Transfers – Trustee approval of transfers between funds was not evidenced in the minutes record.

Recommendation – The Trustees should approve all transfers between funds and approval should be evidenced in the minutes record.

Responses –

Trustees Comer and Hornbacher – All transfers will be approved in meetings and stated in the minutes.

Trustee Hart – The Clerk never transferred funds between accounts without prior Trustee approval in a Trustee Meeting. These transfers should have been documented in minutes of meetings.

Conclusions –

Trustees Comer and Hornbacher – Response accepted.

Trustee Hart – Response acknowledged. Minutes did not always document approval of transfers.

Delaware Township

Schedule of Findings

Six months ended December 31, 2010 and
the years ended June 30, 2010 and June 30, 2009

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Delaware Township

Schedule of Findings

Six months ended December 31, 2010 and
the years ended June 30, 2010 and June 30, 2009

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2010 exceeded the amounts budgeted in all funds. Disbursements during the year ended June 30, 2009 exceeded the amounts budgeted in the Town Hall, Cemetery, Litigation and Equipment Funds.

In addition, Township budgets were prepared by fund only, with no supporting details.

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. Budgets should be prepared in sufficient detail to ensure they can be used as an effective monitoring tool.

Responses –

Trustees Comer and Hornbacher – Financial budget will be monitored with supporting documentation and detail.

Trustee Hart – In the future, the budget will be amended in sufficient amounts in accordance with Chapter 359.50 of the Code of Iowa.

Conclusions – Responses 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	Park admission, meals	\$ 4,880
Affinity Credit Union	Gift cards	800
Cash	Thanksgiving turkeys	335
Cash	Spiral sliced hams	308
Stacey Foster	Cell phone usage	250
Rick Groves	Cell phone usage	250
Hy-Vee	Catering	135
Country Kitchen	Fundraiser cards	96
Casey's	Pizzas	81
Ryan Buman	Pop, donuts and coffee	30
Sam's Club	Food	22
Jim Lilly	Reimbursement	5
Joe Yearian	Reimbursement	6

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.

Delaware Township

Schedule of Findings

Six months ended December 31, 2010 and
the years ended June 30, 2010 and June 30, 2009

Responses –

Trustees Comer and Hornbacher – The two new trustees and new clerk no longer will approve any disbursements that might be questionable.

Trustee Hart – Chili Supper and Pancake Breakfast fundraiser money was used for Adventureland, Affinity Credit Union, Thanksgiving turkeys, and Christmas hams appreciation gifts for the volunteer firefighters. The turkeys and hams were purchased at Aldi's as they had the cheapest prices but would not accept a check.

Clerk Stacey Foster and Trustee Rick Groves were compensated for their cell phones as they were used for township business.

Country Kitchen fundraiser cards were purchased for \$3 each and sold at the fundraiser for a profit.

Ryan Buman hosted a three day Emergency Vehicle Operator Course Class at Delaware Township Fire Station August 25, 26, and 27, 2010. The Casey's pizzas, check to Ryan Buman for pop, donuts and coffee and food at Sam's Club was for this class. (See meeting minutes dated August 24, 2010).

Jim Lilly and Joe Yearian were reimbursed for their meals while at a Fire School in Ames June 19 and June 20, 2009.

Conclusions –

Trustees Comer and Hornbacher – Response accepted.

Trustee Hart – Response acknowledged. The Trustees should determine and document the public purpose served by these disbursements or establish written policies and procedures, including the requirements for proper documentation. Minutes should clearly document disbursement purpose and approval.

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

(4) Township Minutes – No transactions were found that we believe should have been approved in the Township minutes but were not.

The Trustees went into several closed sessions. However, the minutes record did not document the specific information regarding the closed session as required by Chapter 21 of the Code of Iowa, commonly known as the open-meetings law.

Recommendation – The Trustees should comply with Chapter 21 of the Code of Iowa.

Responses –

Trustees Comer and Hornbacher – Currently, all meetings are taped and have typed minutes.

Trustee Hart – We thought we had complied with Chapter 21 of the Code of Iowa for closed meetings. Legal counsel should be used in the future to assure compliance of Chapter 21.

Delaware Township

Schedule of Findings

Six months ended December 31, 2010 and
the years ended June 30, 2010 and June 30, 2009

Conclusions – Responses acknowledged. The Trustees should comply with Chapter 21 of the Code of Iowa, including documenting the specific exemption for going into closed session.

- (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 do a depository resolution.

Conclusion – Response acknowledged. The Trustees should also adopt a written investment policy in accordance with Chapter 12B.10B 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 for June 30, 2010 did not include all Township financial activity.

Recommendation – The Township should submit an amended Statement of Receipts and Expenditures to the County Auditor for the year ended June 30, 2010.

Responses –

Trustees Comer and Hornbacher – All financial reports will be submitted within the time allowed. If it needs to be amended it will be done.

Trustee Hart – Clerk Foster worked with Ron Carzola of the County Auditor's Office and submitted an amended Statement of Receipts and Expenditures for the year ended June 30, 2010.

Conclusions –

Trustees Comer and Hornbacher – Response accepted.

Trustee Hart – Response acknowledged. We contracted Ron Carzola of the Polk County Auditor's Office who confirmed an amended Statement of Receipts and Expenditures for June 30, 2010 was not filed by the Township.

- (7) Use of Public Funds – Article III, Section 31 of the Constitution of the State of Iowa provides public funds may only be spent for the public benefit. Chapter 57.6 of the Code of Iowa states "All the provisions of the chapter in relation to contested elections of county officers shall be applicable, as near as may be, to contested elections for other offices..."

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The Township used public funds from the Litigation Fund to explore the option of contesting the November 2010 election results. An attorney was paid approximately \$2,100 to pursue the case, which was later dismissed.

Chapter 62.24 of the Code of Iowa states "If the results of the election are upheld by the contest, if the statement is dismissed, or if the prosecution fails, the costs of the contest shall be paid by the contestant." Township funds should not have been used to contest the election on the behalf of individual Trustees.

Recommendation – This matter should be referred to the Polk County Attorney for his review and determination of further action, if any, including reimbursements from the individual Trustees.

Responses –

Trustees Comer and Hornbacher – We will follow up on this matter with the Polk County Attorney.

Trustee Hart – Concerns were brought to the Trustees by the Fire Chief, Firefighters, and residents of Delaware Township regarding the November 2010 election ballots. There was never a case to be dismissed.

Conclusions –

Trustees Comer and Hornbacher – Response accepted.

Trustee Hart – Response acknowledged. This matter should be referred to the Polk County Attorney for review and disposition.

(8) Cemetery – During testing of compliance with certain sections of the Code of Iowa, the following were noted:

- In accordance with Chapter 359.20 of the Code of Iowa, resolutions, board proceedings, records and documents relating to real property transactions shall be maintained permanently. For the period under audit, deed books for cemetery plots could not be located.
- Chapter 359.30 of the Code of Iowa states the Trustees shall, at the regular meeting in November, levy a tax sufficient to pay for the necessary improvement and maintenance of cemeteries. The Trustees did not levy the cemetery tax in November. Instead, the levy was included and approved with the remainder of the budget in February of 2008, 2009 and 2010.

Recommendation – The Township should comply with Chapters 359.20 and 359.30 of the Code of Iowa.

Responses –

Trustees Comer and Hornbacher – The two new trustees and new clerk are keeping records for the cemetery. We will also make sure the tax levy is done in November.

Trustee Hart – At the first meeting in January, I showed the new Trustees and Clerk where everything was in the Trustee Office with their attorney present. I showed them all deed books to Berwick Cemetery. I opened the Clerk's computer and

Delaware Township

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showed them charts including the plots, spaces, deceased names, date of death and owners of spaces.

At the regular monthly meeting in November, the Trustees should levy the cemetery tax.

Conclusions –

Trustees Comer and Hornbacher – Response accepted.

Trustee Hart – Response acknowledged. Deed books could not be located.

- (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 township 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.

Responses –

Trustees Comer and Hornbacher – We will check into Iowa Code 360.8 because we feel that is where the monies should be levied.

Trustee Hart – Future levies should be preceded by an election as required.

Conclusions – Responses acknowledged. The Trustees should ensure future taxes are levied pursuant to the statute applicable to the intended use of the funds.

- (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, 2009, the Township sold two vehicles for a total of \$2,800 but did not publish notice of the resolution or hold a public hearing on the matter as required.

In addition, a vehicle and a laptop computer on the listing of assets provided for insurance purposes as of April 26, 2010 were no longer on the insurance listing dated January 27, 2011. We could locate no reference relating to the disposal of these assets in the minutes record or records of proceeds from the disposal of these assets. We subsequently obtained documentation stating the vehicle had been sold to Robert Rogers, son-in-law of Trustee Rick Groves.

Recommendation – The Township should comply with Chapter 359.52 of the Code of Iowa when disposing of an interest in personal property. In addition, the minutes record should detail Trustee approval for the disposal of assets and all proceeds should be deposited in Township accounts.

Delaware Township

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Six months ended December 31, 2010 and
the years ended June 30, 2010 and June 30, 2009

Responses –

Trustees Comer and Hornbacher – We are now complying with Chapter 359.52 of the Code of Iowa.

Trustee Hart – The 1999 Ford Explorer was advertised, bids accepted, and sold for \$1,600.00. (See Monday, May 4, 2009 meeting minutes).

Conclusions –

Trustees Comer and Hornbacher – Response accepted.

Trustee Hart – Response acknowledged. There is no evidence the Township Trustees published notice of the resolution to dispose of property, or held a public meeting. Also, all bids received should be retained.

(11) 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 Jeff Foster, husband of Clerk Stacey Foster, for opening and closing gates at the Berwick Cemetery. Mr. Foster was paid \$5,475 for the year ended June 30, 2009, \$5,475 for the year ended June 30, 2010, \$3,210 for the six months ended December 31, 2010 and was pre-paid \$5,475 for January 1 through December 31, 2011.

The Township paid Rusty Hart, son of Trustee Linda Hart, for mowing at the Berwick Cemetery. Mr. Hart was paid \$2,775 for the year ended June 30, 2009 and \$6,500 for the year ended June 30, 2010.

The Township paid Robert Rogers, son-in-law of Trustee Rick Groves, for mowing at the Berwick Cemetery and the grounds around the Fire Station and for construction and maintenance services. Mr. Rogers was paid \$10,660 for the year ended June 30, 2009, \$4,980 for the year ended June 30, 2010 and \$12,569 for the six months ended December 31, 2010.

The Township paid Linda Hart, Township Trustee, for mowing at the Berwick Cemetery. Ms. Hart was paid \$3,250 for the year ended June 30, 2010 and \$8,300 for the six months ended December 31, 2010.

There is no evidence the Trustees formally approved the hiring of the individuals noted above as required by Chapter 71 of the Code of Iowa.

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Recommendation – The payments to the individuals noted above may not comply with Chapter 71 of the Code of Iowa since there is no evidence their hiring was 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.

Responses –

Trustees Comer and Hornbacher – We will comply with Chapter 71 of the Code of Iowa. All jobs are now bid out and approved in public meeting. We will forward this matter to the township attorney.

Trustee Hart – All services claimed as nepotism were put up for bids. All bids were reviewed in a township meeting and approved by the Trustees. The township attorney, George Appleby, did look over all contracts and said they were legal and binding.

The opening and closing of the Berwick Cemetery gates has been contracted by the Hart family since 1993. This was before Linda Hart was an elected official.

The current Trustees, Hornbacher and Comer, have terminated all Hart and Rogers contracts.

Conclusions –

Trustees Comer and Hornbacher – Response accepted.

Trustee Hart – Response acknowledged. We located no evidence bids were obtained.

- (12) Internal Revenue Service (IRS) Form 1099 – United States tax law requires entities to submit a Form 1099 for every contractor paid at least \$600 for services during a year. The Township did not complete and submit Form 1099 for individuals paid at least \$600 in services each year.

Recommendation – The Township should comply with IRS rules and submit Form 1099 for individuals paid at least \$600 for services during a year.

Responses –

Trustees Comer and Hornbacher – We will issue Form 1099's to anyone paid over \$600 for services rendered. We are also contacting our CPA for past instances.

Trustee Hart – The Township will submit Form 1099's for individuals paid at least \$600 for services during a year.

Conclusions – Responses accepted.

- (13) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows an entity to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The Township retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

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Six months ended December 31, 2010 and
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Recommendation – The Township should obtain and retain an image of both the front and back of each cancelled check as required.

Responses –

Trustees Comer and Hornbacher – The township bank statements do include front and back image as of February 2011.

Trustee Hart – The Township should obtain and retain an image of both the front and back of each cancelled check from Iowa State Bank for each account.

Conclusions – Responses accepted.

Delaware Township

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager
Lesley R. Geary, CPA, Senior Auditor II
Jennifer L. Wall, CPA, Senior Auditor
Lara K. Van Wyk, Staff Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State