



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

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Des Moines, Iowa 50319-0004

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NEWS RELEASE

FOR RELEASE

July 29, 2013

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Delaware Township, located in Polk County, Iowa, for the year ended June 30, 2012 and the six months ended June 30, 2011.

The Township's receipts totaled \$185,824 for the year ended June 30, 2012. The receipts included \$168,046 in property tax, \$5,600 from the sale of cemetery lots, \$53 from unrestricted interest on investments and \$12,125 from other general receipts. The Township's receipts totaled \$94,481 for the six months ended June 30, 2011. The receipts included \$77,063 in property tax, \$3,000 from the sale of cemetery lots, \$24 from unrestricted interest on investments and \$14,394 from other general receipts.

Disbursements for the year ended June 30, 2012 totaled \$160,434, and included \$38,196 for equipment, \$28,033 for repair and maintenance and \$26,206 for contractual services. Disbursements for the six months ended June 30, 2011 totaled \$64,649, and included \$16,006 for equipment, \$12,230 for insurance and \$6,513 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/1213-0000-B00F.pdf>.

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DELAWARE TOWNSHIP

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

YEAR ENDED JUNE 30, 2012
AND SIX MONTHS ENDED JUNE 30, 2011

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statement:		
Statement of Activities and Net Assets – Cash Basis	A	8-11
Governmental Fund Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	12-15
Notes to Financial Statements		16-20
Other Information:		
Budgetary Comparison Schedule of Disbursements – Budget and Actual		23
Notes to Other Information – Budgetary Reporting		24
Supplementary Information:	<u>Schedule</u>	
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	1	26-27
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 <u>Government Auditing Standards</u>		29-30
Schedule of Findings		31-36
Staff		37

Delaware Township

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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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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, 2012 and the six months ended June 30, 2011, 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 June 30, 2012 and June 30, 2011, 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.


In accordance with Government Auditing Standards, we have also issued our report dated June 27, 2013 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Delaware Township's basic financial statements. The 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial

statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Delaware Township's basic financial statements. The budgetary comparison information on pages 23 and 24 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 27, 2013

Basic Financial Statements

Delaware Township

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2012

	Total	Fire	Ambulance
Disbursements:			
Supplies	\$ 7,228	3,077	3,054
Contractual services	26,206	6,059	5,957
Insurance	12,833	6,416	6,417
Utilities	6,608	4,895	1,347
Equipment	38,196	36,851	1,345
Repair and maintenance	28,033	9,255	2,384
Gas and oil	7,494	4,852	2,518
Training	1,373	781	592
Communications	5,824	4,659	1,165
Mowing/snow removal	22,654	758	-
Miscellaneous	3,985	738	2,298
Total disbursements	160,434	78,341	27,077
General receipts:			
Property tax	168,046		
Interest on investments	53		
Sale of cemetery lots	5,600		
Donations	800		
Grants	3,750		
Miscellaneous	7,575		
Total general receipts	185,824		
Change in cash basis net assets	25,390		
Cash basis net assets beginning of year	120,949		
Cash basis net assets end of year	\$ 146,339		
Cash Basis Net Assets:			
Restricted:			
Fire	\$ 87,860		
Ambulance	13,521		
Town Hall	15,515		
Cemetery	23,086		
Other purposes	6,357		
Total cash basis net assets	\$ 146,339		

See notes to financial statements.

Functions/Programs				
Town Hall	Cemetery	Equipment	Litigation	Fire Association
-	-	-	-	1,097
-	4,756	-	9,434	-
-	-	-	-	-
-	366	-	-	-
-	-	-	-	-
15,982	412	-	-	-
124	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	21,896	-	-	-
90	193	89	92	485
16,196	27,623	89	9,526	1,582

Delaware Township

Statement of Activities and Net Assets – Cash Basis

As of and for the six months ended June 30, 2011

	Total	Fire	Ambulance
Disbursements:			
Supplies	\$ 5,936	2,425	2,538
Contractual services	3,124	-	-
Insurance	12,230	1,173	8,057
Utilities	4,234	3,424	810
Equipment	16,006	10,193	2,263
Repair and maintenance	2,780	1,403	295
Gas and oil	6,513	5,728	785
Training	830	125	705
Communications	4,058	3,027	873
Mowing/snow removal	6,371	475	-
Miscellaneous	2,567	555	739
Total disbursements	64,649	28,528	17,065
General receipts:			
Property tax	77,063		
Interest on investments	24		
Sale of cemetery lots	3,000		
Donations	1,786		
Fundraisers	2,151		
Sale of capital assets	9,252		
Miscellaneous	1,205		
Total general receipts	94,481		
Change in cash basis net assets	29,832		
Cash basis net assets beginning of period	91,117		
Cash basis net assets end of period	\$ 120,949		
Cash Basis Net Assets:			
Restricted:			
Fire	\$ 61,084		
Ambulance	17,711		
Town Hall	16,672		
Cemetery	23,769		
Other purposes	1,713		
Total cash basis net assets	\$ 120,949		

See notes to financial statements.

Functions/Programs				
Town Hall	Cemetery	Equipment	Litigation	Fire Association
-	146	-	31	796
-	-	-	3,124	-
-	-	3,000	-	-
-	-	-	-	-
-	-	3,550	-	-
654	428	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	158
-	5,896	-	-	-
139	460	60	30	584
793	6,930	6,610	3,185	1,538

Delaware Township

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

As of and for the year ended June 30, 2012

	Fire	Ambulance	Special Town Hall
Receipts:			
Property tax	\$ 103,018	25,765	15,039
Interest on investments	40	13	-
Sale of cemetery lots	-	-	-
Donations	-	-	-
Grants	3,500	250	-
Miscellaneous	2,625	25	-
Total receipts	109,183	26,053	15,039
Disbursements:			
Supplies	3,077	3,054	-
Contractual services	6,059	5,957	-
Insurance	6,416	6,417	-
Utilities	4,895	1,347	-
Equipment	36,851	1,345	-
Repair and maintenance	9,255	2,384	15,982
Gas and oil	4,852	2,518	124
Training	781	592	-
Communications	4,659	1,165	-
Mowing/snow removal	758	-	-
Physicals	305	305	-
Miscellaneous	433	1,993	90
Total disbursements	78,341	27,077	16,196
Excess (deficiency) of receipts over (under) disbursements	30,842	(1,024)	(1,157)
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(3,384)	(3,166)	-
Total other financing sources (uses)	(3,384)	(3,166)	-
Change in cash balances	27,458	(4,190)	(1,157)
Cash balances beginning of year	58,615	17,711	16,672
Cash balances end of year	\$ 86,073	13,521	15,515
Cash Basis Fund Balances			
Restricted for:			
Fire purposes	\$ 86,073	-	-
Ambulance	-	13,521	-
Town Hall	-	-	15,515
Cemetery	-	-	-
Other purposes	-	-	-
Total	\$ 86,073	13,521	15,515

See notes to financial statements.

Revenue			
Cemetery	Equipment	Nonmajor	Total
24,224	-	-	168,046
-	-	-	53
5,600	-	-	5,600
-	-	800	800
-	-	-	3,750
-	4,825	100	7,575
29,824	4,825	900	185,824
-	-	1,097	7,228
4,756	-	9,434	26,206
-	-	-	12,833
366	-	-	6,608
-	-	-	38,196
412	-	-	28,033
-	-	-	7,494
-	-	-	1,373
-	-	-	5,824
21,896	-	-	22,654
-	-	-	610
193	89	577	3,375
27,623	89	11,108	160,434
2,201	4,736	(10,208)	25,390
-	-	9,434	9,434
(2,884)	-	-	(9,434)
(2,884)	-	9,434	-
(683)	4,736	(774)	25,390
23,769	1,606	2,576	120,949
23,086	6,342	1,802	146,339
-	-	1,787	87,860
-	-	-	13,521
-	-	-	15,515
23,086	-	-	23,086
-	6,342	15	6,357
23,086	6,342	1,802	146,339

Delaware Township

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

As of and for the six months ended June 30, 2011

	Fire	Ambulance
Receipts:		
Property tax	\$ 47,564	11,524
Interest on investments	19	5
Sale of cemetery lots	-	-
Donations	-	-
Fundraisers	-	-
Miscellaneous	590	545
Total receipts	48,173	12,074
Disbursements:		
Supplies	2,425	2,538
Contractual services	-	-
Insurance	1,173	8,057
Utilities	3,424	810
Equipment	10,193	2,263
Repair and maintenance	1,403	295
Gas and oil	5,728	785
Training	125	705
Communications	3,027	873
Mowing	475	-
Physicals	-	240
Miscellaneous	555	499
Total disbursements	28,528	17,065
Excess (deficiency) of receipts over (under) disbursements	19,645	(4,991)
Other financing sources (uses):		
Operating transfers in	-	-
Operating transfers out	(2,578)	-
Sale of capital assets	4,502	-
Total other financing sources (uses)	1,924	-
Change in cash balances	21,569	(4,991)
Cash balances beginning of period	37,046	22,702
Cash balances end of period	\$ 58,615	17,711
Cash Basis Fund Balances		
Restricted for:		
Fire purposes	\$ 58,615	-
Ambulance	-	17,711
Town Hall	-	-
Cemetery	-	-
Other purposes	-	-
Total	\$ 58,615	17,711

See notes to financial statements.

Special Revenue				
Town Hall	Cemetery	Equipment	Nonmajor	Total
6,885	11,090	-	-	77,063
-	-	-	-	24
-	3,000	-	-	3,000
-	-	-	1,786	1,786
-	-	-	2,151	2,151
-	-	-	70	1,205
6,885	14,090	-	4,007	85,229
-	146	-	827	5,936
-	-	-	3,124	3,124
-	-	3,000	-	12,230
-	-	-	-	4,234
-	-	3,550	-	16,006
654	428	-	-	2,780
-	-	-	-	6,513
-	-	-	-	830
-	-	-	158	4,058
-	5,896	-	-	6,371
-	-	-	-	240
139	460	60	614	2,327
793	6,930	6,610	4,723	64,649
6,092	7,160	(6,610)	(716)	20,580
-	-	-	2,578	2,578
-	-	-	-	(2,578)
4,750	-	-	-	9,252
4,750	-	-	2,578	9,252
10,842	7,160	(6,610)	1,862	29,832
5,830	16,609	8,216	714	91,117
16,672	23,769	1,606	2,576	120,949
-	-	-	2,469	61,084
-	-	-	-	17,711
16,672	-	-	-	16,672
-	23,769	-	-	23,769
-	-	1,606	107	1,713
16,672	23,769	1,606	2,576	120,949

Delaware Township

Notes to Financial Statements

June 30, 2012 and June 30, 2011

(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.

These financial statements present Delaware Township (the primary government) and its component unit. The component unit discussed below is included in the Township's reporting entity because of the significance of its operational or financial relationship with the Township.

Blended Component Unit

The Delaware Township Firefighters Association has been incorporated under the provisions of the Iowa Nonprofit Corporation Act, Chapter 504A of the Code of Iowa, for the purpose of aiding in the extinguishing of fires and providing services to the Delaware Township Fire Department. In accordance with criteria set by the Governmental Accounting Standards Board, the Delaware Township Firefighters Association meets the definition of a component unit which should be blended. The financial activity for the account held by the component unit has been blended as a Special Revenue Fund of the Township.

The Delaware Township Fire Association is a separate entity organized under Iowa law. The Delaware Township Board of Trustees has never had control over the records or finances of the Fire Association and would not wish to bear responsibility over a separate and autonomous organization over which it has no control.

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, including property tax, 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, including property tax, 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, including property tax, used to maintain and furnish a Town Hall.

The Cemetery Fund is utilized to account for all resources, including property tax and lot sales, used for the operation and maintenance of cemeteries.

The Equipment Fund is utilized to account for all donations and other resources used to purchase equipment.

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. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as restricted, which results when restraints placed on use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2012, disbursements exceeded the amounts budgeted for the Cemetery, Equipment and Litigation Funds.

(2) Cash and Pooled Investments

The Township's deposits in banks at June 30, 2012 and June 30, 2011 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) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:	Special Revenue:	
Litigation	Fire	\$ 3,384
	Ambulance	3,166
	Cemetery	2,884
		\$ 9,434
Total		\$ 9,434

The detail of interfund transfers for the six months ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:	Special Revenue:	
Litigation	Fire	\$ 2,578
		\$ 2,578

(4) 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 with a cost of \$250,000 for the fire department. 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, 2012:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 19,134
2014	19,134
2015	19,134
2016	<u>19,134</u>
Total minimum lease payments	76,536
Less amount representing interest	<u>(8,196)</u>
Present value of net minimum lease payments	<u>\$ 68,340</u>

Payments under the capital lease purchase agreement for the year ended June 30, 2012 were \$19,134. No payments were made during the six months ended June 30, 2011.

(5) 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 663 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 150% 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, 2012 and June 30, 2011 were \$10,301 and \$10,000, 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. For members requiring specific coverage from \$3,000,000 to \$12,000,000, 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, 2012 and June 30, 2011, 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 casualty 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 casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its capital contributions. However, the refund is reduced by an amount equal to the annual casualty 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

Other Information

Delaware Township
 Budgetary Comparison Schedule of Disbursements
 Budget and Actual

Other Information

Year ended June 30, 2012

Funds/Levy	Original and Final Budget	Actual	Variance between Actual and Final Budget
Major funds:			
Fire and Ambulance*	\$ 150,000	105,418	44,582
Town Hall	16,500	16,196	304
Cemetery	22,000	27,623	(5,623)
Equipment	-	89	(89)
Nonmajor funds:			
Litigation	1,000	9,526	(8,526)
Total	<u>\$ 189,500</u>	<u>158,852</u>	<u>30,648</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 Other Information – Budgetary Reporting

For the year ended June 30, 2012

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 except the blended component unit. 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 ended June 30, 2012 one budget amendment increased budgeted disbursements for the Town Hall Fund by \$4,500.

During the year ended June 30, 2012, disbursements exceeded the amounts budgeted for the Cemetery, Equipment and Litigation Funds.

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, 2012

	Special Revenue		
	Litigation	Fire Associaion	Total
Receipts:			
Donations	\$ -	800	800
Miscellaneous	-	100	100
Total receipts	-	900	900
Disbursements:			
Supplies	-	1,097	1,097
Contractual services	9,434	-	9,434
Miscellaneous	92	485	577
Total disbursements	9,526	1,582	11,108
Deficiency of receipts under disbursements	(9,526)	(682)	(10,208)
Other financing sources:			
Operating transfers in	9,434	-	9,434
Change in cash balances	(92)	(682)	(774)
Cash balances beginning of year	107	2,469	2,576
Cash balances end of year	\$ 15	1,787	1,802
Cash Basis Fund Balances			
Restricted for:			
Fire purposes	\$ -	1,787	1,787
Other purposes	15	-	15
Total	\$ 15	1,787	1,802

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 six months ended June 30, 2011

	Special Revenue		
	Litigation	Fire Association	Total
Receipts:			
Donations	\$ -	1,786	1,786
Fundraisers	-	2,151	2,151
Miscellaneous	-	70	70
Total receipts	-	4,007	4,007
Disbursements:			
Supplies	31	796	827
Contractual services	3,124	-	3,124
Communications	-	158	158
Miscellaneous	30	584	614
Total disbursements	3,185	1,538	4,723
Excess (deficiency) of receipts over (under) disbursements	(3,185)	2,469	(716)
Other financing sources:			
Operating transfers in	2,578	-	2,578
Change in cash balances	(607)	2,469	1,862
Cash balances beginning of period	714	-	714
Cash balances end of period	\$ 107	2,469	2,576
Cash Basis Fund Balances			
Restricted for:			
Fire purposes	\$ -	2,469	2,469
Other purposes	107	-	107
Total	\$ 107	2,469	2,576

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**



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

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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 year ended June 30, 2012 and the six months ended June 30, 2011, which collectively comprise the Township's basic financial statements listed in the table of contents, and have issued our report thereon dated June 27, 2013. 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

The management of Delaware Township is responsible for establishing and maintaining effective 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 a deficiency in internal control over financial reporting we consider to be a material weakness 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 deficiency described in the accompanying Schedule of Findings as item (A) to be a material weakness.

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 (B) through (G) 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 year ended June 30, 2012 and the six months ended June 30, 2011 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 the 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.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 27, 2013

Delaware Township

Schedule of Findings

Year ended June 30, 2012 and
the six months ended June 30, 2011

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 – collecting and posting.
- (4) Disbursements – check writing, check signing, processing and recording.

For the Delaware Township Firefighters Association, one individual has control over each of the following areas:

- (1) Receipts – collecting, depositing, posting and reconciling.
- (2) Disbursements – preparing, recording 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 the signature or initials of the reviewer and the date of the review.

Response – The Trustees are currently signing off on all bank statements, bank deposits and bills. We require two signatures on all checks. The Clerk and a Trustee open the mail together. The Clerk and all Trustees review all financial reports, check book balances, bank statements and bank deposits. We will work with the firefighters association on proper procedures on bookkeeping. See note to financial statements (1)(A).

Conclusion – Response accepted.

(B) 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.

Delaware Township

Schedule of Findings

Year ended June 30, 2012 and
the six months ended June 30, 2011

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.

Response – The Township and Association are working to comply with this recommendation. See note to financial statements (1)(A).

Conclusion – Response accepted.

- (C) Computer System – The Township does not have written policies and procedures in place for usage of the internet or requiring only licensed software be installed on the Township’s computers. Also, the Township does not have a written disaster recovery plan.

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

Response – The Township adopted an internet policy on March 4, 2013. We also approved a resolution requiring only licensed software be on all computers. We will establish a written disaster recovery policy.

Conclusion – Response accepted.

- (D) Transfers – For one of thirty transfers tested, Trustee approval of the transfer 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.

Response – We are currently following this procedure.

Conclusion – Response accepted.

- (E) Financial Reporting – The Township maintains a spreadsheet categorizing receipts and disbursements. During the audit, we identified several receipts and disbursements which were misclassified. Although immaterial, adjustments were made to properly classify the amounts in the Township’s financial statements.

Recommendation – The Township should implement procedures to ensure receipts and disbursements are properly classified in the Township’s financial statements.

Response – The Trustees will implement procedures to review the categorization of receipts and disbursements.

Conclusion – Response accepted.

Delaware Township

Schedule of Findings

Year ended June 30, 2012 and
the six months ended June 30, 2011

- (F) Mowing and Snow Removal Services – In April 2011, the Trustees approved hiring Pearson’s Landscaping to mow the cemetery and provide snow removal for the cemetery and fire station. However, a formal, written agreement specifying the terms of the arrangement, including the duration of the agreement, the agreed upon cost of the services and how often the services would be provided, was not entered into.

Recommendation – Future agreements for services should be documented in writing, including the terms of the agreement and signatures of both parties.

Response – This service was advertised publicly for bid, based on a per-service-cost to the Township. The most competitive bid was accepted from Pearson’s Landscaping to mow the cemetery and provide snow removal for the cemetery. The bid was approved and the company was hired by motion passed at a publicly noticed meeting of the Township Board of Trustees. Due to issues with a prior Board attempting to bind the Township and successive Boards to contracts which we felt were not in the Township’s best interest, we felt it appropriate to have the term for this contract be at-will. The at-will term of this contract was clear to Pearson’s and to the Township Trustees at the time of its passage. However, for the purposes of clarity, the Township will pass all future contracts by resolution wherein we clearly state the term is at will, or for only a single annual term.

Conclusion – Response accepted.

- (G) Delaware Township Firefighters Association – Monthly reconciliations of book and bank balances are not prepared. Also, although disbursements are supported by invoice, not all invoices were cancelled to prevent possible duplicate payment.

Recommendation – To improve financial accountability and control, monthly reconciliations of bank and book balances should be prepared. The reconciliations should be reviewed by someone independent of handling and recording cash transactions. This review should be evidenced by the signature or initials of the reviewer and the date of the review. Invoices and other supporting documents should be cancelled to prevent possible duplicate payment.

Response – We are currently working with the Delaware Township Firefighters Association to implement these procedures. See note to financial statements (1)(A).

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Delaware Township

Schedule of Findings

Year ended June 30, 2012 and
the six months ended June 30, 2011

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2012 exceeded the amounts budgeted for the Cemetery, Equipment and Litigation Funds.

In addition, Township budgets were prepared by fund only, with no supporting details. We were unable to determine if the meeting to certify the budget amendment was posted in accordance with Chapter 359.49 of the Code of Iowa.

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.

A meeting to certify a budget amendment should be held no less than ten days and no more than twenty days after the proposed budget amendment is posted by the County Auditor in accordance with Chapter 359.49 of the Code of Iowa.

Response – Public meetings are currently held to approve the budget. The budget amendment was filed with the County Auditor timely. However, the County Auditor's Office has indicated the amendment was not dated or time stamped. We will check to be sure these are stamped and dated in the future and will work to ensure the budget is sufficiently detailed and is amended prior to disbursements being allowed to exceed budgets.

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:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Danko Emergency	Late fees	\$ 53
Staples	Pop	4

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. In addition, invoices should be paid on time so late fees are not incurred.

Response – Late fees were for fire fighter gear purchased from Danko Emergency by past Trustees. We had to make payment arrangements on this bill due to funds being low in the Fire Fund from past Trustees. The pop purchase from Staples has been reimbursed.

Conclusion – Response accepted.

Delaware Township

Schedule of Findings

Year ended June 30, 2012 and
the six months ended June 30, 2011

- (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 closed session on February 17, 2011. The minutes record did not document the reason for holding the closed session by reference to a specific exemption under Chapter 21.5 of the Code of Iowa, as required.

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

Response – It was in accordance with the law because personal matters were discussed about the applicant. We are currently documenting the specific Chapter 21.5 exemption as required.

Conclusion – Response acknowledged. The minutes record for each closed session should document the specific Chapter 21.5 exemption, as required.

- (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 – A resolution on the investment policy and naming of depositories was approved at the February 2013 Trustee meeting.

Conclusion – Response accepted.

- (6) Township Hall Tax Levy – During the years ended June 30, 2011 and 2012, the Township levied and collected property 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 property tax was levied without the required election and the tax collections were used to remodel and repair the existing Township Hall, 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 property tax is 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.

Response – We complied with the recommendation when adopting the fiscal 2013 budget.

Conclusion – Response accepted.

Delaware Township

Schedule of Findings

Year ended June 30, 2012 and
the six months ended June 30, 2011

- (7) 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 a date, time and place of a public hearing on the proposal. The notice shall be published in a newspaper published at least once weekly and having general circulation in the township.” During the six months ended June 30, 2011, the Township sold two lawnmowers and a trailer for a total of \$9,252 and during the year ended June 30, 2012, the Township donated equipment to the Seymour Fire Department. The Township did not publish notice of or hold a public hearing on the proposal to dispose of public property 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 fire fighter gear donated to the Seymour Fire Department was discussed at a public meeting. The notices were placed at Casey’s General Store, on Facebook, on Craig’s List and at local churches. This was done over a three month period. In regard to the mowers, they were advertised at Casey’s General Store, on Facebook, on Craig’s List and at local churches. We also held an open house for the items for sale. All bids were opened at a public meeting. We will publish notice of public hearing, as required, prior to disposing of property in the future.

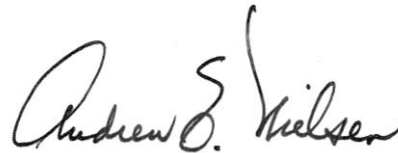
Conclusion – Response accepted.

Delaware Township

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager
Jennifer L. Wall, CPA, Senior Auditor II
Lara K. Van Wyk, Staff Auditor
Tyler J. Guffy, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State