



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

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NEWS RELEASE

FOR RELEASE

July 5, 2007

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released a report on Saylor Township, located in Polk County, Iowa, for the year ended June 30, 2006 and the six months ended December 31, 2006.

The Township has implemented new reporting standards for the year ended June 30, 2006 and the six months ended December 31, 2006, with significant changes in content and structure of the financial statements. The new financial statements now include a Statement of Activities and Net Assets which provides information about the activities of the Township as a whole.

The Township's receipts totaled \$801,388 for the year ended June 30, 2006. The receipts included \$593,780 in property tax, \$160,774 from charges for service, \$17,386 from operating grants and contributions, \$19,340 from grants and contributions not restricted to specific program and \$10,108 from unrestricted interest on investments. Receipts totaled \$449,508 for the six months ended December 31, 2006. The receipts included \$334,111 in property tax, \$95,658 from charges for service, \$14,209 from operating grants and contributions, and \$5,530 from unrestricted interest on investments.

Disbursements for the year ended June 30, 2006 totaled \$751,262, and included \$222,398 for repair and maintenance, \$203,450 for fire and ambulance call and other salaries. Disbursements totaled \$452,228 for the six months ended December 31, 2006, and included \$140,656 for equipment, \$115,190 for fire and ambulance call and other salaries and \$59,639 for repair and maintenance.

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

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SAYLOR TOWNSHIP

**ACCOUNTANT'S COMPILATION REPORT
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

**SIX MONTHS ENDED DECEMBER 31, 2006
AND THE YEAR ENDED JUNE 30, 2006**

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Saylor Township

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2006)		
Frank Cross	Chair	Jan 2007
Terry Shafer	Trustee	Jan 2007
Gary Frantz	Trustee	Jan 2009
Rhonda Hosler	Trustee	Jan 2009
Kathy Prendergast	Trustee	Jan 2009
Phyllis Jones	Clerk	Jan 2007
(After January 2006)		
Frank Cross	Chair	Jan 2011
Gary Frantz	Trustee	Jan 2009
Rhonda Hosler	Trustee	Jan 2009
Kathy Prendergast	Trustee	Jan 2009
Terry Shafer	Trustee	Jan 2011
Phyllis Jones	Clerk	Jan 2011
Robert Nading	Attorney	Indefinite

Saylor Township



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Accountant's Compilation Report

To the Trustees of Saylor Township:

We have compiled the accompanying basic financial statements, the required supplementary information and the other supplementary information, listed in the table of contents, of Saylor Township as of and for the six months ended December 31, 2006 and the year ended June 30, 2006, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and required and other supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and required and other supplementary information and, accordingly, do not express an opinion or any other form of assurance on them.

We are not independent with respect to Saylor Township.

As described in Note 8, for the six months ended December 31, 2006 and the year ended June 30, 2006, the Township adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Saylor Township and other parties to whom Saylor Township may report. This report is not intended to be and should not be used by anyone other than these specified parties.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 23, 2007

Saylor Township

Basic Financial Statements

Saylor Township

Statement of Activities and Net Assets – Cash Basis

As of and for the six months ended December 31, 2006

	Functions/			
	Total	Fire	Ambulance	Cemetery/Park
Disbursements:				
Salaries:				
Fire and ambulance calls	\$ 36,636	24,208	12,428	-
Other	78,554	6,789	1,044	70,721
Employee benefits	18,318	7,235	1,971	9,112
Supplies	22,222	8,272	5,356	1,322
Contractual services	16,476	2,976	11,388	575
Attorney fees	682	-	-	-
Insurance	35,911	11,007	7,885	15,493
Utilities	6,959	1,376	1,101	2,930
Equipment	140,656	107,870	3,355	16,971
Repair and maintenance	59,639	8,401	11,701	21,734
Gas and oil	8,435	1,784	1,728	4,923
Training	3,420	983	2,437	-
Communications	18,244	5,023	11,573	948
Rent deposits returned	5,240	-	-	-
Miscellaneous	836	364	-	-
Total disbursements	<u>452,228</u>	<u>186,288</u>	<u>71,967</u>	<u>144,729</u>
Program receipts:				
Charges for service	85,958	5,302	66,306	7,800
Operating grants and contributions	14,209	-	-	-
Net program disbursements	<u>352,061</u>	<u>180,986</u>	<u>5,661</u>	<u>136,929</u>
General receipts:				
Property tax	334,111			
Sale of cemetery lots	9,700			
Interest on investments	5,530			
Total general receipts	<u>349,341</u>			
Changes in cash basis net assets	(2,720)			
Cash basis net assets beginning of period	<u>550,383</u>			
Cash basis net assets end of period	<u>\$ 547,663</u>			
Cash Basis Net Assets				
Restricted:				
Fire	\$ 290,217			
Ambulance	119,113			
Cemetery/Park	140,314			
Hall	9,566			
Saylor Township Volunteer Fire Department	7,315			
Unrestricted	<u>(18,862)</u>			
Total cash basis net assets	<u>\$ 547,663</u>			

See accompanying accountant's compilation report.

Programs			
Hall	Litigation	Saylor Township Volunteer Fire Department	
-	-	-	-
-	-	-	-
-	-	-	-
1,090	-	6,182	-
1,537	-	-	-
-	682	-	-
1,526	-	-	-
1,552	-	-	-
-	-	12,460	-
17,803	-	-	-
-	-	-	-
-	-	-	-
700	-	-	-
5,240	-	-	-
-	-	472	-
<u>29,448</u>	<u>682</u>	<u>19,114</u>	
6,550	-	-	-
-	-	14,209	-
<u>22,898</u>	<u>682</u>	<u>4,905</u>	

Saylor Township

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2006

	Functions/			
	Total	Fire	Ambulance	Cemetery/Park
Disbursements:				
Salaries:				
Fire and ambulance calls	\$ 67,008	50,176	16,832	-
Other	136,442	11,656	2,466	122,320
Employee benefits	36,911	14,519	3,026	19,366
Supplies	49,129	22,212	16,597	2,032
Contractual services	29,038	4,513	19,474	884
Attorney fees	3,126	-	-	1,228
Insurance	63,224	22,027	14,088	19,039
Utilities	24,587	4,838	3,128	11,933
Equipment	51,956	15,223	25,841	6,300
Repair and maintenance	222,398	41,026	39,005	115,630
Gas and oil	14,543	5,843	1,351	7,349
Training	24,282	1,898	22,384	-
Communications	13,830	7,399	2,630	2,409
Rent deposits returned	11,040	-	-	-
Miscellaneous	3,748	432	50	195
Total disbursements	<u>751,262</u>	<u>201,762</u>	<u>166,872</u>	<u>308,685</u>
Program receipts:				
Charges for service	140,174	6,327	99,497	17,650
Operating grants and contributions	17,386	-	-	-
Net program disbursements	<u>593,702</u>	<u>195,435</u>	<u>67,375</u>	<u>291,035</u>
General receipts:				
Property tax	593,780			
Sale of cemetery lots	20,600			
Grants and contributions not restricted to specific programs	19,340			
Interest on investments	10,108			
Total general receipts	<u>643,828</u>			
Change in cash basis net assets	50,126			
Cash basis net assets beginning of year	<u>500,257</u>			
Cash basis net assets end of year	<u>\$ 550,383</u>			
Cash Basis Net Assets:				
Restricted:				
Fire	\$ 324,683			
Ambulance	82,475			
Cemetery/Park	145,579			
Hall	19,347			
Saylor Township Volunteer Fire Department	12,220			
Unrestricted	<u>(33,921)</u>			
Total cash basis net assets	<u>\$ 550,383</u>			

See accompanying accountant's compilation report.

Programs		
		Saylor Township Volunteer Fire Department
Hall	Litigation	
-	-	-
-	-	-
-	-	-
1,843	-	6,445
3,562	-	605
-	1,898	-
8,070	-	-
4,688	-	-
-	-	4,592
26,737	-	-
-	-	-
-	-	-
1,392	-	-
11,040	-	-
-	-	3,071
57,332	1,898	14,713
16,700	-	-
-	-	17,386
40,632	1,898	(2,673)

Saylor Township

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

As of and for six months ended December 31, 2006

	Special Revenue		
	Fire	Ambulance	Cemetery/ Park
Receipts:			
Property tax	\$ 140,996	42,299	121,958
Hall rents and deposits	-	-	-
Interest on investments	5,524	-	6
Charges for service	-	66,306	-
Grave opening fees	-	-	7,800
Sale of cemetery lots	-	-	9,700
Donations	-	-	-
Fundraisers	-	-	-
Miscellaneous	5,302	-	-
Total receipts	151,822	108,605	139,464
Disbursements:			
Salaries:			
Fire and ambulance calls	24,208	12,428	-
Other	6,789	1,044	70,721
Employee benefits	7,235	1,971	9,112
Supplies	8,272	5,356	1,322
Contractual services	2,976	11,388	575
Attorney fees	-	-	-
Insurance	11,007	7,885	15,493
Utilities	1,376	1,101	2,930
Equipment	107,870	3,355	16,971
Repair and maintenance	8,401	11,701	21,734
Gas and oil	1,784	1,728	4,923
Training	983	2,437	-
Communications	5,023	11,573	948
Rent deposits returned	-	-	-
Miscellaneous	364	-	-
Total disbursements	186,288	71,967	144,729
Net change in cash balances	(34,466)	36,638	(5,265)
Cash balances beginning of period	324,683	82,475	145,579
Cash balances end of period	\$ 290,217	119,113	140,314
Cash Basis Fund Balances			
Unreserved:			
Special revenue funds	\$ 290,217	119,113	140,314

See accompanying accountant's compilation report.

Nonmajor	Total
28,858	334,111
6,550	6,550
-	5,530
-	66,306
-	7,800
-	9,700
1,348	1,348
10,860	10,860
2,001	7,303
49,617	449,508
-	36,636
-	78,554
-	18,318
7,272	22,222
1,537	16,476
682	682
1,526	35,911
1,552	6,959
12,460	140,656
17,803	59,639
-	8,435
-	3,420
700	18,244
5,240	5,240
472	836
49,244	452,228
373	(2,720)
(2,354)	550,383
(1,981)	547,663
(1,981)	547,663

Saylor Township

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

As of and for the year ended June 30, 2006

	Special Revenue		
	Fire	Ambulance	Cemetery/ Park
Receipts:			
Property tax	\$ 223,701	95,953	219,556
Hall rents and deposits	-	-	-
Interest on investments	10,095	-	13
Charges for service	3,436	99,497	-
Grave opening fees	-	-	17,650
Sale of cemetery lots	-	-	20,600
Donations	-	-	-
Fundraisers	-	-	-
Miscellaneous	22,231	-	-
Total receipts	259,463	195,450	257,819
Disbursements:			
Salaries:			
Fire and ambulance calls	50,176	16,832	-
Other	11,656	2,466	122,320
Employee benefits	14,519	3,026	19,366
Supplies	22,212	16,597	2,032
Contractual services	4,513	19,474	884
Attorney fees	-	-	1,228
Insurance	22,027	14,088	19,039
Utilities	4,838	3,128	11,933
Equipment	15,223	25,841	6,300
Repair and maintenance	41,026	39,005	115,630
Gas and oil	5,843	1,351	7,349
Training	1,898	22,384	-
Communications	7,399	2,630	2,409
Rent deposits returned	-	-	-
Miscellaneous	432	50	195
Total disbursements	201,762	166,872	308,685
Net change in cash balances	57,701	28,578	(50,866)
Cash balances beginning of year	266,982	53,897	196,445
Cash balances end of year	\$ 324,683	82,475	145,579
Cash Basis Fund Balances			
Unreserved:			
Special revenue funds	\$ 324,683	82,475	145,579

See accompanying accountant's compilation report.

Nonmajor	Total
54,570	593,780
16,700	16,700
-	10,108
-	102,933
-	17,650
-	20,600
1,381	1,381
12,876	12,876
3,129	25,360
88,656	801,388
-	67,008
-	136,442
-	36,911
8,288	49,129
4,167	29,038
1,898	3,126
8,070	63,224
4,688	24,587
4,592	51,956
26,737	222,398
-	14,543
-	24,282
1,392	13,830
11,040	11,040
3,071	3,748
73,943	751,262
14,713	50,126
(17,067)	500,257
(2,354)	550,383
(2,354)	550,383

Saylor Township

Notes to Financial Statements

December 31, 2006 and June 30, 2006

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

For financial reporting purposes, Saylor 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 Saylor 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 Saylor Township Volunteer Fire Department was established as a non-profit corporation in accordance with Chapter 504A of the Code of Iowa in order to receive donations for the benefit of the Saylor Township Volunteer Fire Department. The donations are to be used in support of the Department's efforts to preserve life and property in Saylor Township and provide fire safety education. The Saylor Township Volunteer Fire Department is an entity which is legally separate from the Township, but is so intertwined with the Township it is, in substance, part of the Township. The financial transactions have been reported as a Special Revenue Fund of the Township.

B. Basis of Presentation

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

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

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

Unrestricted net assets consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The 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 Cemetery/Park Fund is utilized to account for all resources used for the operation and maintenance of Pinehill Cemetery and Margo Frankel Woods State Park.

C. Measurement Focus and Basis of Accounting

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

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

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2006, disbursements exceeded the amounts budgeted for the Fire and Ambulance, Cemetery/Park and Hall Funds.

(2) Cash and Pooled Investments

The Township's deposits in banks at June 30, 2006 and December 31, 2006 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 May 10, 2006, the Township entered into a capital lease purchase agreement to lease a pumper truck with a historical cost of \$336,883. The Township made an initial down payment of \$90,000 to the manufacturer in November 2006 and financed the remainder of the cost, to be paid in seven equal annual installments beginning May 2007. The Township received the pumper truck on January 9, 2007. The following is a schedule of future minimum lease payments, including interest at 4.627% per annum, and the present value of net minimum lease payments under the agreement in effect at December 31, 2006:

<u>Year</u> <u>Ending</u> <u>June 30,</u>	<u>Amount</u>
2007	\$ 43,209
2008	43,209
2009	43,209
2010	43,209
2011	43,209
2012-2013	<u>86,418</u>
Total minimum lease payments	302,463
Less amount representing interest	<u>(55,580)</u>
Present value of net minimum lease payments	<u>\$ 246,883</u>

(4) Pension and Retirement Benefits

The Township contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 3.70% of their annual covered salary and the Township is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the Township contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The Township's contributions to IPERS for the six months ended December 31, 2006 and the year ended June 30, 2006 were \$4,903 and \$9,847, respectively, equal to the required contribution for each period.

(5) Risk Management

Saylor Township is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Township assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage for the six months ended December 31, 2006 and the year ended June 30, 2006.

(6) Compensated Absences

Township employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the Township until used or paid. The Township's approximate liability for earned vacation and sick leave hours payable to employees at December 31, 2006 and June 30, 2006, primarily relating to the Cemetery/Park Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>	
	<u>June 30, 2006</u>	<u>December 31, 2006</u>
Vacation	\$ 5,600	9,800
Sick leave	17,000	17,000
Total	<u>\$ 22,600</u>	<u>26,800</u>

These liabilities have been computed based on rates of pay in effect at June 30, 2006 and December 31, 2006, respectively.

(7) Deficit Balances

The Litigation Fund had deficit balances of \$18,862 and \$33,921, respectively, at December 31, 2006 and June 30, 2006. The deficit will be eliminated through a continued tax levy for litigation purposes.

(8) Accounting Change

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures, and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences, were implemented for the six months ended December 31, 2006 and year ended June 30, 2006. The statements create new basic financial statements for reporting the Township’s financial activities. The financial statements now include a government-wide financial statement and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

Implementation of these standards had no effect on the beginning balances of the Township.

Required Supplementary Information

Saylor Township
 Budgetary Comparison Schedule of Disbursements
 Budget and Actual

Required Supplementary Information

Year ended June 30, 2006

Funds/Levy	<u>Budget Amounts</u> Original and Final	Actual	Variance between Actual and Amended Budget
Major funds:			
Fire and Ambulance	\$ 345,300	368,634	(23,334)
Cemetery/Park	269,500	308,685	(39,185)
Nonmajor funds:			
Hall	30,000	57,332	(27,332)
Litigation	5,000	1,898	3,102
Total	<u>\$ 649,800</u>	<u>736,549</u>	<u>(86,749)</u>

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

See accompanying accountant's compilation report.

Saylor Township

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2006

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 except the blended component unit. During the year, there were no budget amendments.

During the year ended June 30, 2006, disbursements exceeded the amounts budgeted in the Fire and Ambulance, Cemetery/Park and Hall funds.

Saylor Township

Other Supplementary Information

Schedule 1

Saylor Township

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

As of and for the six months ended December 31, 2006

	Saylor Township			
	Hall	Litigation	Volunteer Fire Department	Total
Receipts:				
Property tax	\$ 13,117	15,741	-	28,858
Hall rents and deposits	6,550	-	-	6,550
Donations	-	-	1,348	1,348
Fundraisers	-	-	10,860	10,860
Miscellaneous	-	-	2,001	2,001
Total receipts	19,667	15,741	14,209	49,617
Disbursements:				
Supplies	1,090	-	6,182	7,272
Contractual services	1,537	-	-	1,537
Attorney fees	-	682	-	682
Insurance	1,526	-	-	1,526
Utilities	1,552	-	-	1,552
Equipment	-	-	12,460	12,460
Repair and maintenance	17,803	-	-	17,803
Communications	700	-	-	700
Rent deposits returned	5,240	-	-	5,240
Miscellaneous	-	-	472	472
Total disbursements	29,448	682	19,114	49,244
Net change in cash balances	(9,781)	15,059	(4,905)	373
Cash balances beginning of period	19,347	(33,921)	12,220	(2,354)
Cash balances end of period	\$ 9,566	(18,862)	7,315	(1,981)
Cash Basis Fund Balances				
Unreserved:				
Special revenue funds	\$ 9,566	(18,862)	7,315	(1,981)

See accompanying accountant's compilation report.

Saylor Township

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

As of and for the year ended June 30, 2006

	Saylor Township			
	Hall	Litigation	Volunteer Fire Department	Total
Receipts:				
Property tax	\$ 24,835	29,735	-	54,570
Hall rents and deposits	16,700	-	-	16,700
Donations	-	-	1,381	1,381
Fundraisers	-	-	12,876	12,876
Miscellaneous	-	-	3,129	3,129
Total receipts	41,535	29,735	17,386	88,656
Disbursements:				
Supplies	1,843	-	6,445	8,288
Contractual services	3,562	-	605	4,167
Attorney fees	-	1,898	-	1,898
Insurance	8,070	-	-	8,070
Utilities	4,688	-	-	4,688
Equipment	-	-	4,592	4,592
Repair and maintenance	26,737	-	-	26,737
Communications	1,392	-	-	1,392
Rent deposits returned	11,040	-	-	11,040
Miscellaneous	-	-	3,071	3,071
Total disbursements	57,332	1,898	14,713	73,943
Net change in cash balances	(15,797)	27,837	2,673	14,713
Cash balances beginning of year	35,144	(61,758)	9,547	(17,067)
Cash balances end of year	\$ 19,347	(33,921)	12,220	(2,354)
Cash Basis Fund Balances				
Unreserved:				
Special revenue funds	\$ 19,347	(33,921)	12,220	(2,354)

See accompanying accountant's compilation report.

Saylor Township



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

To the Trustees of Saylor Township:

At your request, we made inquiries and observations regarding Saylor Township's operations during the eighteen months ended December 31, 2006. Following are the findings we identified as a result of our inquiries and observations, along with related recommendations.

- (A) Segregation of Duties – Segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the Township's financial records. One person had control over each of the following areas for the Township:
- (1) Receipts – opening mail, collecting and posting.
 - (2) Disbursements – processing and recording.
 - (3) Payroll – preparing, recording and distributing.
 - (4) Long-term debt – recording and performing cash functions.
 - (5) Investments – recording and custody.
 - (6) Accounting system – performing all general accounting functions and custody of assets.
 - (7) Cash – initiating cash receipts and disbursement transactions, and handling and recording cash.

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

Response – The Trustee's are taking a more active role in the financial area and will continue to do what we can with limited personnel.

Conclusion – Response acknowledged. Officials should be utilized to provide additional control through review of financial transactions and reconciliations. Reviews should be evidenced by the initials or signature of the reviewer and the date of the review.

Saylor Township

Schedule of Findings

Six months ended December 31, 2006
and the year ended June 30, 2006

- (B) Bank Reconciliations – The Township’s monthly financial reports were not reconciled to bank statements.

Recommendation – The monthly financial reports should be reconciled to the bank statements monthly and all reconciling items should be documented. The Township Trustees should review the reconciliations and document their review by initialing and dating the monthly reconciliations.

Response – The Clerk will prepare timely bank reconciliations, including documentation of all reconciling items. The Trustees will review and approve all reports. Documentation of Trustee review will be evidenced by initialing and dating the monthly reconciliations.

Conclusion – Response accepted.

- (C) Reconciliation of Ambulance Billings, Collections and Delinquencies – Ambulance billings, collections and delinquent accounts were not reconciled throughout the year. Also, reports summarizing ambulance billings were not always retained.

Recommendation – Procedures should be established to reconcile ambulance billings, collections and delinquencies for each billing period. The Trustees or a Trustee-designated independent person should review the reconciliations and monitor delinquencies.

Reports detailing ambulance billings should be retained for all billing periods.

Response – We will continue to work with our billing agency, Frazier, and the Saylor Township Volunteer Fire Department to establish and implement procedures for reconciling.

Conclusion – Response acknowledged. When procedures are in place, Trustees should review the reconciliations and monitor delinquencies. Reports detailing ambulance billings should be retained for all billing periods.

- (D) Financial Reporting – The monthly financial reports did not include the beginning balance, receipts, disbursements and ending balance for each of the individual Township Funds.

Recommendation – Monthly financial reports should be prepared to document the financial activity of each individual fund of the Township.

Response – Monthly financial reports will be prepared to document the financial activity of each individual fund of the township and will be approved by the Trustees at the monthly meetings.

Conclusion – Response accepted.

Saylor Township

Schedule of Findings

Six months ended December 31, 2006
and the year ended June 30, 2006

(E) Written Policies – The Township does not have written policies and procedures in place to address the following:

- Certain invoices are split for payment between various funds. The Trustees should identify which bills will be allocated and the allocation basis to be used.
- The usage of Township vehicles, equipment and cellular phones by Township Trustees and personnel.
- The existing practice of selling cemetery lots to elected officials and employees of the Township at a discounted price.
- Ambulance service accounts receivable including delinquent accounts and write-off policies and procedures.

In addition, the Township does not have a written accounting manual.

Recommendation – The Township should establish written office policies and develop a standardized accounting procedures manual.

Response – The Board of Trustees will prepare policies and procedures regarding the items listed above.

Conclusion – Response accepted.

(F) Electronic Data Processing Systems – The Township does not have written policies for:

- usage of the Internet.
- personal use of computer equipment and software.
- ensuring only software licensed to the Township is installed on computers.

Also, the Township does not have a written disaster recovery plan and does not require back up tapes to be stored off site daily.

Recommendation – The Township should develop written policies addressing the above items in order to improve the Township's control over computer based systems. Also, a written disaster recovery plan should be developed and back-up tapes should be stored off site daily in a fireproof vault or safe.

Response – The use of the Internet, computer equipment and software will be used for Township business only with Township Trustee approval. We have implemented a policy of doing a weekly computer system backup to a CD with off site storage.

Conclusion – Response acknowledged. The Trustees should develop written policies to address the weaknesses in the computer based systems. In addition, a written disaster recovery plan should be developed.

(G) Checks – The Township does not account for the numerical sequence of checks issued. Also, the Township is not properly accounting for void checks.

Recommendation – The Township should account for the numerical sequence of the checks. Also, void checks should be cancelled and retained.

Saylor Township

Schedule of Findings

Six months ended December 31, 2006
and the year ended June 30, 2006

Response – The Township will use only pre-printed, pre-numbered checks and all checks will be accounted for and entered into the financial records. Also, a voided check file will be established separate from all other checks.

Conclusion – Response accepted.

- (H) 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.

Certain collections were not deposited and recorded timely.

Collections were not always recorded in the accounting records. Receipts recorded in the accounting records were not always supported by bank deposits or other documentation.

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 for all collections.

All collections should be deposited in the bank and credited to the proper funds in a timely manner.

Accounting records should be reconciled monthly to bank activity to ensure only valid receipts are recorded on the computer system.

Response – The person opening the mail will prepare and initial a listing of collections. Pre-numbered receipts will be used for all collections. Collections will be deposited and recorded in the accounting records timely and credited to the proper funds in a timely manner.

Conclusion – Response acknowledged. The individual opening the mail should be independent of other receipt functions. Accounting records should be reconciled monthly to bank activity to ensure only valid receipts are recorded on the computer system.

- (I) Disbursements – Certain disbursements were not properly classified in the financial records, or were classified inconsistently when compared to similar disbursements.

Also, supporting documentation could not be located for certain disbursements. In addition, certain checks contained only one signature although dual signatures are required by the Township.

Credit cards receipts are not given to the Clerk to be reconciled to the statement each month.

Saylor Township

Schedule of Findings

Six months ended December 31, 2006
and the year ended June 30, 2006

Recommendation – Disbursements should be properly and consistently classified in the financial records. Also, supporting documentation should be retained for all transactions and checks issued should contain dual signatures. In addition, credit card receipts should be retained and reconciled to the credit card statement each month.

Response – Recommendation accepted.

Conclusion – Response acknowledged.

- (J) Payroll Reports – Certain IPERS contributions were not paid timely. In addition, an incorrect withholding rate for IPERS was used for certain employees.

Recommendation – IPERS contributions should be submitted in a timely manner to avoid the payment of late fees and penalties.

Payroll should be processed and updated correctly to ensure the accurate reporting of IPERS contributions. Revised reports should be submitted for all necessary corrections of payroll processing errors.

Response – Recommendation accepted.

Conclusion – Response acknowledged.

- (K) Payroll – The Township Trustees did not review and approve payroll transactions.

Certain timesheets were not signed by the employee or approved by a supervisor. The sexton's timesheets are not approved by a supervisor.

Recommendation – The Township Trustees should review and approve payroll. All employees should prepare a timesheet and timesheets should be approved by a supervisor.

Response – The Trustee's have implemented the above recommendation.

Conclusion – Response accepted.

Saylor Township

Schedule of Findings

Six months ended December 31, 2006
and the year ended June 30, 2006

- (L) Compensation for Fire and Rescue Calls – The Township pays fire and rescue personnel a set rate for each call to which they respond. The calls are summarized by month and paid on the first of the next month. The monthly summaries of fire and rescue calls are not reconciled to the amounts paid and recorded in the accounting records.

Recommendation – The Clerk should reconcile the monthly summaries of the number of calls to the amounts paid and recorded in the accounting records.

Response – Recommendation acknowledged.

Conclusion – Response acknowledged.

- (M) Saylor Township Volunteer Fire Department – Segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the Department's financial statement. Generally, one individual has control over the collecting, depositing, posting, disbursing and bank reconciliations for which no compensating controls exist.

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 monthly review of financial transactions and reconciliations. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Response – We will segregate duties to the extent possible with limited staff.

Conclusion – Response accepted.

Saylor Township

Schedule of Findings

Six months ended December 31, 2006
and the year ended June 30, 2006

Findings Related to Statutory Matters:

- (1) Certified Budget – Disbursements during the year ended June 30, 2006 exceeded the amounts budgeted in the Fire and Ambulance, Cemetery/Park and Hall Funds.

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

Response – Recommendation accepted.

Conclusion – Response acknowledged.

- (2) Questionable Disbursements – A disbursement 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 was noted. This disbursement is detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Rhonda Hosler	Reimbursement for flower arrangements for gifts	\$ 60

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 Township Trustees should determine and document the public purpose serviced by this disbursement before authorizing any further payments. If this practice is continued, the Township Trustees should establish written policies and procedures, including the requirements for proper documentation.

Response – The Township Trustees have implemented this recommendation.

Conclusion – Response accepted.

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

- (4) Township Minutes – Minutes for closed sessions did not document the specific purpose for the closed session as required by Chapter 21.5 of the Code of Iowa.

Recommendation – The minutes should document the specific purpose for the closed session as required by Chapter 21.5 of the Code of Iowa.

Response – Recommendation acknowledged.

Conclusion – Response acknowledged.

Saylor Township

Schedule of Findings

Six months ended December 31, 2006
and the year ended June 30, 2006

- (5) Deposits and Investments – The interest rate on a certificate of deposit did not meet the minimum rate of interest set by the State Rate Setting Committee.

Recommendation – The Township should be aware of the current allowable rates to ensure at least the minimum allowable rate is received for all investments. Also, the Township should contact the bank to obtain the minimum rate of interest on this certificate of deposit.

Response – Recommendation acknowledged.

Conclusion – Response acknowledged.

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

Recommendation – The Township should submit an amended Statement of Receipts and Expenditures to the County Auditor. In the future, the report should be filed in an accurate manner.

Response – The Clerk agrees to submit an amended statement of receipts and expenditures to the County Auditor.

Conclusion – Response acknowledged. In the future, the report should be reviewed for accuracy prior to submission.

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

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

Response – Recommendation accepted.

Conclusion – Response acknowledged.

- (8) Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each governmental entity to report and remit obligations, including checks, outstanding for more than two years to the State Treasurer's Office annually. The Township did not remit these obligations as required.

Recommendation – The outstanding checks should be reviewed annually and the checks over two years old should be remitted to the State Treasurer's Office as required.

Response – All outstanding checks over two years will be remitted to the State Treasurer's Office.

Conclusion – Response accepted.

Saylor Township

Schedule of Findings

Six months ended December 31, 2006
and the year ended June 30, 2006

- (9) Financial Condition – The Township had deficit balances at December 31, 2006 and June 30, 2006 of \$18,862 and \$33,921, respectively, in the Litigation Fund.

Recommendation – The Township should investigate alternatives to eliminate this deficit to return this fund to a sound financial position.

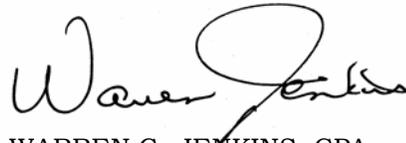
Response – The Litigation fund will no longer be operating with a negative deficit after this year.

Conclusion – Response accepted.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Saylor Township during the course of our work. 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

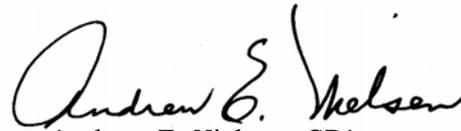
May 23, 2007

Saylor Township

Staff

This compilation was performed by:

K. David Voy, CPA, Manager
Lesley R. Geary, CPA, Senior Auditor II
Carey L. Fraise, Staff Auditor
Marta M. Sobieszkoda, Assistant 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