

*Santora CPA Group*

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**State of Delaware  
Municipal Grants Agreed-Upon  
Procedures Engagement  
City of Rehoboth Beach**

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*Fiscal Year Ended June 30, 2014*

Report Issued: May 7, 2015

## **Background**

### **Municipal Street Aid Fund (MSAF)**<sup>1</sup>

The State Legislature annually appropriates a portion of the Delaware Transportation Trust Fund to be distributed by the State Treasurer to each of the 57 municipalities. The money is to be used for the maintenance of city-maintained streets as prescribed in 30 Del. C. §5165. Distribution is based on two factors:

- Population certified by the U.S. Bureau of Census, Delaware Population Consortium or a prescribed enumeration (40% of distribution)
- Mileage as verified by the Data Collection Unit (60% of distribution)

30 Del. C. §5165 also requires annual reporting by the municipalities to the State Treasurer and the Department of Transportation (DOT). The annual reporting requirements have been incorporated into the agreed-upon procedures performed during this engagement.

### **State Aid to Local Law Enforcement (SALLE) Grant Fund**<sup>2</sup>

Since 1969, the Delaware Legislature has allocated funds through the Grant-in-Aid Bill annually to aid local law enforcement agencies and improve their effectiveness. This program has been named the State Aid to Local Law Enforcement Program, otherwise known as SALLE.

All related SALLE funds are appropriated to the Department of Safety and Homeland Security (DSHS), which is then responsible for tracking the funds in the State of Delaware's (the State) accounting system and distributing the funds to the municipalities.

A police department receiving SALLE money must be in compliance with the Delaware Police Training Program described in 11 Del. C. ch. 84. Annually, officers must attend 16 hours of additional training and obtain firearms recertification three times per year, including two day shoots and one night shoot. Further, all officers in the State shall successfully complete a First Responder Course every two years and be certified in cardiopulmonary resuscitation and automated external defibrillator. Upon completion of basic training, the officer receives a certificate from The Delaware Council on Police Training with a Council on Police Training number.

A SALLE Manual has been developed, which promulgates the various requirements and the application process a municipality must follow in order to qualify for SALLE funding. In addition, the SALLE Manual requires the development of an eight-person committee that is responsible for the review and approval of all applications for SALLE funds by the individual municipalities. Municipalities may apply for grant money between July 31 and January 31 of each fiscal year, and each grant is open for a three-year period.

A program administrator is also responsible for collecting information from the municipalities to ensure that they are meeting certain criteria. The various requirements contained within the SALLE Manual have been incorporated into the agreed-upon procedures performed during this engagement.

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<sup>1</sup> <http://www.deldot.gov/information/projects/msa/>

<sup>2</sup> SALLE Manual, Chapter I

**Emergency Illegal Drug Enforcement (EIDE) Grant Fund<sup>3</sup>**

Through the Grant-in-Aid Bill, the Delaware Legislature has also allocated funds to the SALLE Committee to be used for EIDE programs. Funds may be used for drug-related enforcement or the purchase of drug-enforcement equipment.

A police department receiving EIDE money must be in compliance with the Delaware Police Training Program described in 11 Del. C. ch. 84, as mentioned in the SALLE background section.

All EIDE funds are approved and distributed in the same manner as SALLE funds. Additionally, an EIDE Manual has been developed similar to that of the SALLE Manual. Municipalities may apply for EIDE grant money between July 31 and January 31 of each fiscal year, and each grant is open for a three-year period. The various requirements contained within the EIDE Manual have been incorporated into the agreed-upon procedures performed during this engagement.

**Municipal Grants Received**

The table in Appendix A summarizes the municipal grants received by the City of Rehoboth Beach for the Fiscal Year Ended June 30, 2014.

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<sup>3</sup> *EIDE Manual, Chapter I*

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## **Independent Accountants' Report on Applying Agreed-Upon Procedures**

Samuel R. Cooper  
Mayor  
City of Rehoboth Beach  
P.O. Box 1163  
Rehoboth Beach, Delaware 19971

The Honorable R. Thomas Wagner, Jr.  
State Auditor  
Townsend Building, Suite 1  
401 Federal Street  
Dover, Delaware 19901

We have performed the procedures enumerated below, which were agreed to by you solely to assist you in evaluating the City of Rehoboth Beach's (the City) compliance with the Delaware Code, the SALLE Manual, and the EIDE Manual. Management is responsible for the City's compliance with those requirements for the Fiscal Year Ended June 30, 2014 (Fiscal Year 2014).

This agreed-upon procedures engagement was performed in accordance with *Government Auditing Standards*, issued by the Controller General of the United States, and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures described below is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures and findings are as follows:

### **Municipal Street Aid Funds (MSAF)**

- 1. Ascertain if the municipality maintains a separate bank account designated as MSAF [30 Del. C. §5165(a)].**

**Results:** We verified that the City currently has one non-interest-bearing checking account that is designated as MSAF. We obtained copies of the bank statements designated as MSAF without exception.

- 2. Verify that the municipality furnished evidence to the Office of the State Treasurer that the municipal employees authorized to expend MSAF are bonded in an amount as may be required by the charter of the municipality [30 Del. C. §5165(b)(1)].**

**Results:** We obtained copies of the public official bonds for individuals authorized to expend MSAF that were furnished to the Office of the State Treasurer for Fiscal Year 2014. The City submitted appropriate documentation for the City Treasurer as required by Section 16(d) of the City Charter.

3. **Obtain evidence that the municipality submitted an annual expenditure report to the Office of the State Treasurer no later than October 1 that reflected the expenditures of the MSAF for the period under review [30 Del. C. §5165(b)(2)].**

*Results:* We obtained a copy of the annual expenditure report for Fiscal Year 2014 that was submitted to the Office of the State Treasurer by the City. The report for the fiscal year was submitted prior to October 1<sup>st</sup> and reflected the expenditures of MSAF for the period under review.

4. **Obtain a schedule prepared by the municipality of all MSAF expenditures, including the cancelled checks and supporting documentation for the engagement period, to ensure that an amount not exceeding 30% of the annual grant was used for the following:**
  - a. **Construction, installation, repair, maintenance, replacement of water and sewer systems.**
  - b. **Preparation or revision of comprehensive plans for urban renewal.**
  - c. **Payment of principal and interest on any bonds issued for purpose of subdivision [30 Del. C. §5165(a)(1)].**

*Results:* We obtained a schedule prepared by the City of all MSAF expenditures, including the cancelled checks and supporting documentation for the period. The City did not expend MSAF for any of the above categories during Fiscal Year 2014.

5. **In addition to expenditures authorized in the step above, review 10% (but at minimum 1) of cancelled checks (using a random selection method) and trace them to the supporting documentation to determine that they were restricted to the following categories:**
  - a. **Street improvements.**
  - b. **Lighting of streets and all expenses related thereto.**
  - c. **Payment of principal and interest on any bonds issued for street improvements [30 Del. C. §5165(a)(2)].**

**Inspect the internal records maintained by the municipality and supporting documentation to determine whether expenditures out of the MSAF account were paid timely in accordance with the State of Delaware *Budget and Accounting Manual*.**

*Results:* We reviewed two cancelled checks totaling \$17,774 from a population of 15 transactions totaling \$105,455 for Fiscal Year 2014. We traced the cancelled checks to the supporting documentation and determined that they were restricted to the categories noted above. We inspected the internal records maintained by the City and supporting documentation noting that expenditures out of the MSAF account were made within the grant period and paid timely in accordance with the State of Delaware *Budget and Accounting Manual*.

6. **Review the bid process to determine if street improvement contracts were awarded in accordance with 29 Del. C. ch. 69 and 30 Del. C. §5165(b)(3).**

*Results:* There were no MSA-funded contracts subject to the bid process in Fiscal Year 2014.

- 7. Request the MSAF bank statement to determine if any excess funds were invested in short-term government securities, or deposited in a bank or savings and loan interest-bearing account, or agency of the U.S. government. If so, determine that the interest earned was expended in an approved program category [30 Del. C. §5165(c)].**

*Results:* We obtained MSAF bank statements for Fiscal Year 2014. No interest was earned in Fiscal Year 2014.

- 8. Obtain from the DOT a copy of the affidavit signed by the municipality and ensure the affidavit is submitted to the DOT no later than May 15. Review supporting documentation maintained by the municipality and agree to the population and street data reported [30 Del. C. §5165(b)(4)].**

*Results:* We obtained a copy of the affidavit signed by the City for Fiscal Year 2014 from the DOT. The affidavit for Fiscal Year 2014 was submitted to the DOT prior to May 15<sup>th</sup>. The City maintained supporting documentation for population and street data reported.

- 9. Obtain the DOT's allocation of the MSAF. Recalculate the municipality's share of funds to verify the accuracy of the computation [30 Del. C. §5163].**

*Results:* We obtained the DOT's allocation of MSAF. We recalculated the City's share of funds and verified the accuracy of the computation. We found no exceptions as a result of applying this procedure for Fiscal Year 2014.

#### **State Aid to Local Law Enforcement (SALLE) Funds**

- 1. Obtain from the municipality a schedule of SALLE grants received or expended during the fiscal year under review. The schedule should detail each grant by year of award and include any amounts received, expended, and remaining during each fiscal year under review, to the extent that time has passed (see example schedules).**

*Results:* We obtained from the City a schedule of SALLE grants received and expended during Fiscal Year 2014. The schedule detailed each grant by year of award and included any amounts received, expended, and remaining during Fiscal Year 2014. Expenditures for Fiscal Year 2014 were reported correctly and agreed to supporting general ledger reports and bank statements without exception.

- 2. For any new police officers employed during the fiscal year under review, inspect the personnel records and document that the officer has a certificate of completion from a police academy certified by the Council on Police Training [11 Del. C. §8405].**

*Results:* The City employed one new police officer during Fiscal Year 2014. The personnel records of the newly hired police officer maintained a certificate of completion from a police academy certified by the Council on Police Training.

- 3. Inspect 10%, or a minimum of five, of the personnel records of all police officers employed during the fiscal year under review and document the training courses attended by those officers during that period [11 Del. C. §8405].**

**Results:** Of the 17 City police officers employed during Fiscal Year 2014, we selected five personnel records. For each selected officer, we obtained listings of all successfully completed and approved police training and education courses. We found no exceptions as a result of applying this procedure for Fiscal Year 2014.

- 4. Review appropriate payroll records to determine if all police salaries paid during the fiscal year under review are equal to or above the minimum required salary [SALLE Manual, Chapter II, 3].**

**Results:** We reviewed copies of payroll checks in payroll files and compared that to the “Statement of Sworn Officers” for Fiscal Year 2014, which provided each officer’s annual salary, to determine if all police salaries paid during each fiscal year are equal to or above the minimum required salary. It was determined that each officer was paid at least the minimum salary of \$28,000. We found no exceptions as a result of applying this procedure for Fiscal Year 2014.

- 5. Obtain a copy of the “SALLE Statement of Sworn Officers” document for the fiscal year under review and agree the number of full-time, sworn officers who have been certified and were on the municipality’s payroll as of July 1 [SALLE Manual, Chapter III, 2].**

**Results:** We obtained a copy of the “Statement of Sworn Officers” document for Fiscal Year 2014 and agreed the number of full-time, sworn officers who have been certified and were on the City’s payroll as of July 1st without exception.

- 6. For all SALLE funds expended during the fiscal year under review, select ten (or all if less than ten) expenditure transactions and supporting documentation for each fiscal year from the cancelled checks to verify that funds expended were not used for prohibited items. Also review all expenditure transactions and supporting documentation over \$5,000. [Guidance for allowable and unallowable expenditures can be found in Chapter IV of the SALLE Manual.] Determine if expenditures were made timely in accordance with the State of Delaware *Budget and Accounting Manual*.**

**Results:** We reviewed four cancelled checks totaling \$5,714 (100% of the population) for Fiscal Year 2014. We verified that the selected transactions were not used for prohibited items. No individual transactions over \$5,000 were noted during our procedures. All expenditure transactions tested for the fiscal year under review were made timely in accordance with the State of Delaware *Budget and Accounting Manual*.

- 7. Verify that all SALLE grants fully expended during the fiscal year under review submitted a “Final Report Form” to the DSHS [SALLE Manual, Chapter V, 6].**

**Results:** This procedure was not applicable. No SALLE grants were fully expended during Fiscal Year 2014.

- 8. Ascertain that, if the SALLE funds were used to match federal funds, the federal funds to be matched were identified at the time the SALLE grant was submitted. A letter must be submitted to the Grant Administrator requesting permission to match a federal program prior to the SALLE funds being used [SALLE Manual, Chapter V, 6].**

**Results:** This procedure was not applicable. The City did not use SALLE funds to match federal funds during Fiscal Year 2014.

- 9. If SALLE funds from the prior fiscal year were not expended, obtain support from the municipality that the Grant Administrator was notified that the funds would be carried over to the next fiscal year(s) [SALLE Manual, Chapter V, 7].**

*Results:* This procedure was not applicable. All City SALLE funds from the prior fiscal year were fully expended.

#### **Emergency Illegal Drug Enforcement (EIDE) Funds**

- 1. Obtain from the municipality a schedule of EIDE grants received or expended during the fiscal year under review. The schedule should detail each grant by year of award and include any amounts received, expended, and remaining during each fiscal year under review, to the extent that time has passed (see example schedules).**

*Results:* We obtained from the City a schedule of EIDE grants received and expended during Fiscal Year 2014. The schedule detailed each grant by year of award and included any amounts received, expended, and remaining during each fiscal year under review. Expenditures for Fiscal Year 2014 were reported correctly and agreed to supporting general ledger reports and bank statements without exception.

- 2. For any new police officers employed during the fiscal year under review, inspect the personnel records and document that the officer has a certificate of completion from a police academy certified by the Council on Police Training [11 Del. C. §8405].**

*Results:* The City employed one new police officer during Fiscal Year 2014. The personnel records of the newly hired police officer maintained a certificate of completion from a police academy certified by the Council on Police Training.

- 3. Inspect 10%, or a minimum of five, of the personnel records of all police officers employed during the fiscal year under review and document the training courses attended by those officers during that period [11 Del. C. §8405].**

*Results:* Of the 17 City police officers employed during Fiscal Year 2014, we selected five personnel records. For each selected officer, we obtained listings of all successfully completed and approved police training and education courses. We found no exceptions as a result of applying this procedure for Fiscal Year 2014.

- 4. Review appropriate payroll records to determine if all police salaries paid during the fiscal year under review are equal to or above the minimum required salary [EIDE Manual, Chapter II, 3].**

*Results:* We reviewed copies of payroll checks in payroll files and compared that to the “Statement of Sworn Officers” for Fiscal Year 2014, which provided each officer’s annual salary, to determine if all police salaries paid during each fiscal year are equal to or above the minimum required salary. It was determined that each officer was paid at least the minimum salary of \$28,000. We found no exceptions as a result of applying this procedure for Fiscal Year 2014.

5. Obtain a copy of the “EIDE Statement of Sworn Officers” document for the fiscal year under review and agree the number of full-time, sworn officers who have been certified and were on the municipality’s payroll as of July 1 [EIDE Manual, Chapter III, 2].

*Results:* We obtained a copy of the “Statement of Sworn Officers” document for Fiscal Year 2014 and agreed the number of full-time, sworn officers who have been certified and were on the City’s payroll as of July 1st without exception.

6. For all EIDE funds expended during the fiscal year under review, select ten (or all if less than ten) expenditure transactions and supporting documentation for each fiscal year from the cancelled checks to verify that funds expended were not used for prohibited items. Also review all expenditure transactions and supporting documentation over \$5,000. [Guidance for allowable and unallowable expenditures can be found in Chapter IV of the EIDE Manual.] Determine if expenditures were made timely in accordance with the State of Delaware *Budget and Accounting Manual*.

*Results:* We reviewed six cancelled checks in Fiscal Year 2014 for \$5,342 (100% of the population). We verified that the selected transactions were not used for prohibited items. No individual transactions over \$5,000 were noted during our procedures. All expenditure transactions tested for the fiscal year under review were made timely in accordance with the State of Delaware *Budget and Accounting Manual*.

7. Verify that all EIDE grants fully expended during the fiscal year under review submitted a “Final Report Form” to DSHS.

*Results:* We verified that a “Final Report Form” was submitted to the DSHS for all EIDE grants fully expended during the fiscal year under review. The Final Report Form submitted in Fiscal Year 2014 related to grant number D-13-13.

8. Ascertain that, if the EIDE funds were used to match federal funds, the match did not exceed 25% of the total grant [EIDE Manual, Chapter IV, 2].

*Results:* This procedure was not applicable. The City did not use EIDE funds to match federal funds during Fiscal Year 2014.

9. If EIDE funds from the prior fiscal year were not expended, obtain support from the municipality that the Grant Administrator was notified that the funds would be carried over to the next fiscal year(s) [EIDE Manual, Chapter V, 4].

*Results:* For all EIDE funds not expended from the prior fiscal year, we obtained copies of letters from the Grant Administrator at the DSHS approving the carryover of funds to the next fiscal year. We found no exceptions as a result of applying this procedure for Fiscal Year 2014.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance with the specified criteria. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City's management and council members, the Department of Safety and Homeland Security, the Office of the State Treasurer, and the Office of Auditor of Accounts and is not intended to be, and should not be, used by anyone other than these specified parties. However, under 29 Del. C., §10002(l), this report is a public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Office of the Controller General, Office of the Attorney General, and the Office of Management and Budget.



*Sandra CRA Gracy*

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April 10, 2015

*MSAF Expenditures as of June 30, 2014*

<b>Date</b>	<b>Vendor</b>	<b>Amount</b>	<b>Description of Expenditure</b>
7/10/2013	Delmarva Power	\$ 8,203	Street Lights
8/14/2013	Delmarva Power	8,263	Street Lights
9/11/2013	Delmarva Power	8,245	Street Lights
10/9/2013	Delmarva Power	8,323	Street Lights
11/13/2013	Delmarva Power	8,511	Street Lights
12/11/2013	Delmarva Power	9,227	Street Lights
1/8/2014	Delmarva Power	8,324	Street Lights
1/15/2014	Delmarva Power	325	Street Lights
2/5/2014	Delmarva Power	9,309	Street Lights
2/5/2014	Dover Electric	331	Street Lights
3/5/2014	Delmarva Power	9,279	Street Lights
3/31/2014	Delmarva Power	8,371	Street Lights
4/10/2014	Delmarva Power	887	Street Lights
5/7/2014	Delmarva Power	9,263	Street Lights
6/11/2014	Delmarva Power	8,594	Street Lights

**TOTAL MSAF** \$ 105,455

*SALLE/EIDE Schedule of Awards and Expenditures as of June 30, 2014*

<b>Grant</b>	<b>Received</b>	<b>Approved Grant Transfers</b>	<b>Previously Expended</b>	<b>Expended During Fiscal Year 2014</b>	<b>Remaining</b>
S-40-14	\$ 5,856	\$ -	\$ -	\$ 5,714	\$ 142
<b>TOTAL SALLE</b>	<b>\$ 5,856</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,714</b>	<b>\$ 142</b>
D-13-13	\$ 4,500	\$ 169	\$ 3,053	\$ 1,616	\$ -
D-17-14	4,482	-	-	3,726	756
<b>TOTAL EIDE</b>	<b>\$ 8,982</b>	<b>\$ 169</b>	<b>\$ 3,053</b>	<b>\$ 5,342</b>	<b>\$ 756</b>

## Appendix A

<b>Fiscal Year 2014 State of Delaware Municipal Grants Awarded<sup>4</sup></b>			
<b>Municipality</b>	<b>MSAF</b>	<b>SALLE</b>	<b>EIDE</b>
Arden	\$ 16,732	\$ -	\$ -
Ardencroft	5,456	-	-
Ardentown	10,200	-	-
Bellefonte	8,774	-	-
Bethany Beach	111,519	4,714	3,889
Bethel	7,916	-	-
Blades	28,693	3,571	3,296
Bowers Beach	9,792	-	-
Bridgeville	49,322	3,952	3,494
Camden	65,873	4,333	3,692
Cheswold	11,823	3,381	4,198
Clayton	41,101	4,333	3,692
Dagsboro	19,423	3,762	3,395
Delaware City	43,378	3,571	3,296
Delmar	35,850	5,666	4,383
Dewey Beach	16,919	4,523	3,790
Dover	663,940	26,516	13,933
Ellendale	16,900	-	-
Elsmere	105,575	5,285	4,185
Farmington	1,590	-	-
Felton	30,726	3,762	3,395
Fenwick Island	32,429	4,142	3,593
Frankford	16,942	3,381	3,198
Frederica	13,913	-	-
Georgetown	144,020	5,666	-
Greenwood	26,015	3,571	3,296
Harrington	71,430	4,904	4,838
Hartly	544	-	-
Henlopen Acres	14,326	-	-
Houston	10,525	-	-

<sup>4</sup> The schedule was prepared by AOA from information gathered from various sources. AOA retrieved the data related to MSAF from the Delaware Department of Transportation – Projects webpage (<http://deldot.gov/information/projects/msa/>) for Fiscal Year 2014. DSHS provided the data related to the SALLE and EIDE funds. No additional work was performed using this table, outside of the previously stated agreed-upon procedures.

<b>Fiscal Year 2014 State of Delaware Municipal Grants Awarded<sup>5</sup></b>			
<b>Municipality</b>	<b>MSAF</b>	<b>SALLE</b>	<b>EIDE</b>
Kenton	\$ 5,416	\$ -	\$ -
Laurel	71,016	5,475	7,352
Leipsic	4,322	-	-
Lewes	94,822	5,094	-
Little Creek	2,317	-	-
Magnolia	2,138	-	-
Middletown	362,467	8,331	5,766
Milford	222,703	8,141	5,667
Millsboro	67,497	5,094	4,087
Millville	4,001	-	-
Milton	64,959	4,714	3,889
New Castle	106,048	77,970	44,341
Newark	476,687	15,947	12,217
Newport	25,131	4,333	3,692
Ocean View	99,657	4,333	4,492
Odessa	10,303	-	-
Rehoboth Beach	113,459	5,856	4,482
Seaford	181,964	8,141	5,667
Selbyville	56,632	4,142	3,593
Slaughter Beach	9,902	-	-
Smyrna	201,375	7,379	6,272
South Bethany	50,120	4,142	-
Townsend	23,848	-	-
Viola	3,647	-	-
Wilmington	1,078,857	58,786	31,944
Woodside	2,224	-	-
Wyoming	26,842	3,571	3,296
<b>TOTALS</b>	<b>\$5,000,000</b>	<b>\$330,482</b>	<b>\$220,320</b>

<sup>5</sup> The schedule was prepared by AOA from information gathered from various sources. AOA retrieved the data related to MSAF from the Delaware Department of Transportation – Projects webpage (<http://deldot.gov/information/projects/msa/>) for Fiscal Year 2014. DSHS provided the data related to the SALLE and EIDE funds. No additional work was performed using this table, outside of the previously stated agreed-upon procedures.