

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

NEWS RELEASE

Contact: David A. Vaudt
515/281-5835
or Tami Kusian
515/281-5834

FOR RELEASE June 7, 2012

Auditor of State David A. Vaudt today released a report on a special investigation of the Starmont Community School District (District) for the period July 1, 1993 through November 30, 2010. The special investigation was requested by District officials as a result of concerns identified with payroll issued to the District's former Business Manager, Vicki Vanter. Ms. Vanter was placed on paid administrative leave on October 5, 2010 and resigned from the District on October 26, 2010.

Vaudt reported the special investigation identified \$362,622.23 of improper and unsupported disbursements. The improper and unsupported disbursements ranged from \$900.00 in fiscal year 1992 to \$32,474.85 in fiscal year 2006. Of the \$362,622.23 identified, \$229,501.31 is attributable to Ms. Vanter, including:

- \$114,532.57 of improper payments on personal credit cards,
- \$57,990.72 of improper salary and benefits, including \$7,959.32 for the District's FICA and IPERS contributions,
- \$32,932.26 of improper payments to vendors,
- \$16,288.76 of improper reimbursements and other payments,
- \$7,132.00 of improper payments to a financial institution, including \$3,132.00 deposited to Ms. Vanter's personal bank account, and
- \$625.00 of non-sufficient funds charges.

The remaining \$133,120.92 identified is attributable to Gary Stumberg, the District's former Superintendent, including:

- \$36,700.71 of improper and \$25,475.86 of unsupported salary and benefits, including \$11,293.35 and \$3,010.38 for the District's FICA and IPERS contributions on the improper and unsupported salary and benefits, respectively,
- \$49,545.86 of improper and \$3,903.14 of unsupported reimbursements and other payments and
- \$17,495.35 of improper Phase III payments authorized by Mr. Stumberg and issued to various administrators, including \$808.07 for the District's FICA and IPERS contributions.

Vaudt reported the Board authorized salary and benefit package percentage increases at the beginning of each fiscal year for Ms. Vanter and Mr. Stumberg. However, the actual package percentage increases received were greater than the percentage increases approved by the Board in fiscal years 2003, 2006, 2007, 2008, 2010 and 2011 for Ms. Vanter and fiscal years 2004,

2006 and 2008 for Mr. Stumberg. Vaudt also identified several discrepancies in the salary and benefit proposals presented to the Board each fiscal year, including incorrect insurance premiums, incorrect calculations of IPERS and incorrect calculations of package percentage increases for various Central Office staff and administrators.

The \$114,532.57 of improper payments on personal credit cards attributable to Ms. Vanter includes:

- \$61,595.84 issued to Discover for Ms. Vanter's personal credit cards,
- \$37,490.79 issued to First National Bank of Omaha for a personal credit card held in the name of one of Ms. Vanter's daughters,
- \$10,986.47 issued to Retailer's National Bank for Ms. Vanter's personal Target credit card,
- \$2,127.35 issued to Sears for a personal credit card held in the name of one of Ms. Vanter's daughters,
- \$1,700.00 issued to Visa for Ms. Vanter's personal credit card and
- \$632.12 issued to CitiFinancial Retail Services for a personal credit card.

According to available supporting documentation, the personal credit card payments were primarily recorded in the District's accounting system as registration fees for conferences. However, there were also purchase orders stating the payments were for travel reimbursements or supply purchases. Supporting documentation could not be located for all payments identified.

Vaudt reported the \$32,932.26 of improper payments to vendors attributable to Ms. Vanter include:

- \$9,404.91 issued to GE Capital, for which the supporting documentation was comprised of a sticky note stating, "To pay car off, find copy machine invoice."
- \$6,495.00 issued to "NEBHELP," the Nebraska Higher Education Loan Program, which contained the social security number of one of Ms. Vanter's daughters in the cancellation of the redeemed check.
- \$2,325.00 which appeared to be issued to Sandy Merritt, Teacher Tested Innovations. However, upon closer inspection, it was determined that vendor was typed over the original vendor, KDW Property Management. Based on the stamped endorsement, the check was redeemed by KDW Property Management, which is located in Texas. According to an internet search, it appears KDW Property Management operates a school specializing in airline operations. The related check stub had a handwritten notation stating, "W Tuition KDW Property." One of Ms. Vanter's daughters' first name begins with "W." According to District personnel, Ms. Vanter's daughter attended school in Texas to study in that field.
- \$1,500.00 issued to the U.S. Department of Education which contained the social security number of one of Ms. Vanter's daughters in the cancellation of the redeemed check.
- \$1,017.88 issued to Iowa Workforce Development as a penalty for late payment.

Vaudt also reported the \$16,288.76 of improper reimbursements and other payments attributable to Ms. Vanter include \$10,750.00 of improper payments from Phase III and \$5,371.25 of improper reimbursements.

The \$49,545.86 of improper reimbursements and other payments attributable to Mr. Stumberg include \$44,080.40 of improper medical insurance premium reimbursements and \$4,937.56 of improper payments from Phase III. In addition, a \$3,903.14 vacation payout was identified for which no supporting documentation could be located. According to a representative of the Department of Education, funds allocated to community school districts under Phase III of the Educational Excellence Program were intended to be used as teacher incentives for curriculum-building projects, not for District administrators. Vaudt also reported Mr. Stumberg submitted a monthly mileage claim. Although his employment contract specified he was to be reimbursed mileage for District-related travel, certain mileage claimed appeared excessive. For example, Mr. Stumberg's monthly mileage claims included between 96 miles and 324 miles for multiple trips to Strawberry Point. He also claimed between 40 miles for 1 day and 708 miles over 15 days for performing road checks during bad weather conditions.

District officials also raised concerns regarding the District's declining financial position. From fiscal year 2004 to fiscal year 2010, the fund balance of the General Fund decreased \$2,185,065.00, or 138.6%, from \$1,576,746.00 to a deficit balance of \$608,319.00. Vaudt identified various factors which affected the District's financial position; however, fiscal years 2006 and 2007 experienced the most significant changes. In these years, revenues decreased 0.3% and 2.7%, respectively, and expenditures increased 4.6% and 8.1%, respectively. The primary reason for the expenditure increases was the salary and benefit percentage increases awarded. The District has begun to recover, but the cumulative effect of decisions made in prior fiscal years, such as salary and benefit package percentage increases awarded to Central Office staff, administrators and teachers, is still impacting the District's General Fund. In addition, the improper uses of District funds resulting from a lack of administrative oversight has also negatively impacted the District's fund balances.

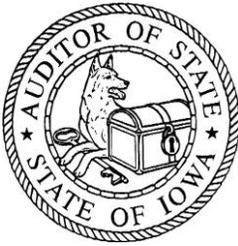
Vaudt also reported it was not possible to determine whether registration, nutrition and student activity collections were properly deposited because adequate documentation was not available. It was also not possible to determine if additional amounts may have been improperly disbursed because sufficient records were not readily available. Based on a review of the check register maintained in the District's accounting system, it was determined numerous checks did not have a vendor name or description recorded. Vaudt reported it was not possible to determine if this information had been intentionally removed. A number of the improper disbursements were identified through review of redeemed checks.

Copies of this report have been filed with the Fayette County Sheriff's Office, the Division of Criminal Investigation, the Fayette County Attorney's Office and the Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at: <http://auditor.iowa.gov/specials/1030-6175-BE00.pdf>.

**REPORT ON SPECIAL INVESTIGATION
OF THE
STARMONT COMMUNITY SCHOOL DISTRICT
FOR THE PERIOD
JULY 1, 1993 THROUGH NOVEMBER 30, 2010**

Table of Contents

		<u>Page</u>
Auditor of State’s Report		3-4
Investigative Summary:		
Background Information		5-6
Detailed Findings		6-30
Recommended Control Procedures		31-34
Exhibits:	<u>Exhibit</u>	
Summary of Findings	A	37
Salary and Benefits for Vicki Vanter	B	38-42
Salary and Benefits for Gary Stumberg	C	44-47
Improper Payments Issued to:		
Discover	D	48-50
First National Bank of Omaha	E	51
Retailer’s National Bank	F	52
Other Personal Credit Cards	G	53
Vendors	H	55
Vicki Vanter	I	56-57
Improper and Unsupported Payments Issued to Gary Stumberg	J	58-59
Staff		60
Appendices:	<u>Appendix</u>	
Copies of Torn Redeemed Checks	1	62-63
Copy of Altered Invoice	2	64
Copy of Falsified Purchase Order	3	65
Copies of Torn Redeemed Check and Supporting Documentation	4	66-67
Copy of Purchase Order Containing Traced Signature	5	68-69
Copies of Original and Altered Invoice and Supporting Documentation for a Computer Purchase	6	70-71
Copies of Selected Checks Issued to Gary Stumberg and Supporting Documentation	7	72-77



**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

Auditor of State's Report

To the Board of Education of the
Starmont Community School District:

At the request of District officials and as a result of concerns identified with payroll issued to the former Business Manager, we conducted a special investigation of the Starmont Community School District (District). We have applied certain tests and procedures to selected financial transactions of the District for the period July 1, 1993 through November 30, 2010. Based on discussions with District officials and personnel and a review of relevant information, we performed the following procedures.

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Reviewed the District's bank statements and redeemed checks to determine if disbursements appeared appropriate and to identify the source of certain deposits. For certain disbursements, we examined supporting documentation to determine propriety and compliance with any rules or regulations for the funding source.
- (3) Reviewed payroll disbursements to Central Office staff and administrators, including the District's former Business Manager, Vicki Vanter, and the District's former Superintendent, Gary Stumberg, from December 2001 through November 2010 to determine if they complied with annual contracts and authorized salary and benefit package percentage increases approved by the Board.
- (4) Examined reimbursements and other disbursements to Central Office staff and administrators, including Ms. Vanter and Mr. Stumberg, to determine if they appeared appropriate and were in compliance with the rules and regulations for the funding source.
- (5) Confirmed payments to the District by the State of Iowa, Buchanan County, Clayton County, Delaware County, Fayette County and the Iowa Medicaid Enterprise within the Department of Human Services to determine if they were properly recorded and deposited to the District's accounts.
- (6) For the 2010/2011 school year, reviewed supporting documentation for registration fees and compared total fees recorded to amounts deposited to determine the reasonableness of the amounts deposited.
- (7) Reviewed supporting documentation for selected District organizations to determine if amounts collected were properly deposited to District accounts, organization expenditures were properly recorded and organization ending balances were properly reported.
- (8) Examined certain payments to the District by retirees participating in the District's medical insurance program to determine if they were properly deposited to the District's accounts.
- (9) Obtained and reviewed Ms. Vanter's personal bank statements and personal credit card statements and Ms. Vanter's daughters' personal credit card statements to identify the source of certain deposits and to determine if certain credit card payments were made from District accounts. Statements were not available for the entire period of our review for each bank account and credit card account for which statements were obtained.

- (10) Obtained and reviewed Mr. Stumberg's personal bank statements to identify the source of certain deposits.
- (11) Reviewed the District's audited financial statements to determine if an explanation could be identified for the District's declining financial position.
- (12) Met with Mr. Stumberg and his attorney to obtain additional supporting documentation and, subsequently, interviewed former Board members to independently verify information provided.

These procedures identified \$362,622.23 of improper and unsupported disbursements. Of the \$362,622.23 identified, \$229,501.31 is attributable to Ms. Vanter and \$133,120.92 is attributable to Mr. Stumberg. We were unable to determine whether all registration, nutrition and student activity collections were properly deposited during the period of our investigation because adequate records were not available. In addition, we were unable to determine if additional amounts were improperly disbursed because sufficient records were not always available. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **J** of this report.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the Starmont Community School District, other matters might have come to our attention that would have been reported to you.

Copies of this report have been filed with the Fayette County Sheriff's Office, the Division of Criminal Investigation, the Fayette County Attorney's Office and the Attorney General's Office.

We would like to acknowledge the assistance extended to us by personnel of the Starmont Community School District during the course of our investigation.


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 9, 2012

Starmont Community School District
Investigative Summary

Background Information

The Starmont Community School District (District) serves approximately 650 kindergarten through 12th grade students in parts of Buchanan, Clayton, Delaware and Fayette Counties. The high school, middle school and elementary school are located on a single campus south of Arlington. The District is governed by a 5 member Board of Directors (Board). Each member is elected to a 4-year term on a nonpartisan basis.

Vicki Vanter began employment with the District as the Business Manager in 1986. The Business Manager is supervised by the District's Superintendent. From 1992 to 2008, Gary Stumberg held the position of Superintendent. Upon Mr. Stumberg's retirement, effective July 1, 2008, Matt O'Loughlin became the Superintendent. As the District's Business Manager, Ms. Vanter was responsible for the following functions:

- Collections – receipting all monies received by the District, except for collections associated with food service and activity funds, depositing and recording collections in the District's accounting system.
- Disbursements – making certain purchases, receiving certain goods and services, presenting proposed disbursements to the Board, maintaining supporting documentation, preparing, signing and distributing checks and posting to the accounting records.
- Payroll – calculating payroll amounts, preparing, signing and distributing checks and posting to the accounting records.
- Bank accounts – reconciling monthly bank statements to accounting records.
- Monthly Board meetings – preparing information for monthly Board meetings, including agendas, information packets for Board members, financial reports, bill listings and other information, as needed. In addition, attending all Board meetings, recording minutes of the meetings and preparing and publishing all legal notices concerning District business, including Board meeting minutes.

Ms. Vanter was also responsible for maintaining the computerized accounting software. According to the District's Information Technology (IT) personnel, Ms. Vanter installed all software updates herself and would not allow IT to access the system. In addition, according to Mr. O'Loughlin, if he used Ms. Vanter's computer to obtain financial reports, she became very upset when she learned he had used her computer. He also stated he reminded Ms. Vanter the computer was the property of the District and not her personal property.

According to Mr. O'Loughlin, Ms. Vanter was also very possessive of the District's accounting records, often referring to them as "her" records. In addition, a former Board member stated she expressed frustration to Ms. Vanter about the financial reports Ms. Vanter provided to the Board and asked surrounding districts for examples of the reports they used. However, when the Board member took the examples she received to a Board meeting, Ms. Vanter immediately disposed of them. The former Board member also stated she had asked Ms. Vanter for corrections of certain documents, which she never received.

During the fall of 2009, the Board considered hiring a firm to review the District's financial stability. According to Mr. O'Loughlin, Ms. Vanter was "vehemently opposed" to this idea. In 2010, according to Mr. O'Loughlin, the Board was considering implementation of an early retirement program for Central Office personnel and requested Mr. O'Loughlin prepare a salary analysis of Central Office personnel for the September 2010 meeting. Therefore, he

compiled the annual salaries, authorized salary and benefit package (Package) percentage increases and actual salary percentage increases for each of the previous 12 fiscal years. However, Mr. O'Loughlin discovered the actual salary increases alone exceeded the Package percentage increases approved by the Board for certain employees.

On October 1, 2010, Mr. O'Loughlin contacted the Office of Auditor of State regarding his concerns. At that time, he had not held any discussions with Ms. Vanter, but a meeting was planned for the following Monday. Mr. O'Loughlin also raised concerns regarding the District's declining financial position. He indicated the District's unspent balance decreased from approximately \$1.6 million to approximately \$400,000 within 3 to 4 years. He added the Board had previously requested supporting documentation and explanation from Ms. Vanter, but she did not provide any answers.

On October 5, 2010, Mr. O'Loughlin again contacted the Office of Auditor of State following his meeting with Ms. Vanter. He stated he presented the spreadsheet he had prepared with the salary analysis at the meeting, explained his concerns and provided Ms. Vanter an opportunity to provide an explanation for the actual salary percentage increases. According to Mr. O'Loughlin, Ms. Vanter did not provide an explanation for the discrepancies identified. When he specifically inquired about the 2004-2005 school year, Ms. Vanter responded her salary increased as a result of becoming Co-Food Services Director. However, as Mr. O'Loughlin stated, Ms. Vanter did not assume that position until the 2005-2006 school year. According to Mr. O'Loughlin, Ms. Vanter had minimal reaction to his statement. As a result of the meeting, Ms. Vanter was placed on paid administrative leave. She subsequently resigned, effective October 26, 2010.

On October 20, 2010, representatives of the Office of Auditor of State visited the District to perform an initial assessment of the accounting records. During the visit, payroll was being processed and payroll checks generated. A temporary Central Office employee identified and asked Mr. O'Loughlin about a \$700.00 District payment issued to the District's bank for deposit to a specific savings account. After reviewing the check, Mr. O'Loughlin contacted the bank and was informed the savings account number on the check was a personal account belonging to Ms. Vanter. Further investigation showed Ms. Vanter changed her insurance plan from family coverage to single coverage and it appeared checks for the difference in premium amounts between the plans were being deposited to her personal savings account. According to Mr. O'Loughlin, the Board did not authorize this action.

As a result of the concerns identified by Mr. O'Loughlin, District officials requested the Office of Auditor of State review the District's financial management processes. We performed the procedures detailed in the Auditor of State's report for the period July 1, 1993 through November 30, 2010.

Detailed Findings

The procedures performed identified \$362,622.23 of improper and unsupported disbursements. It was not possible to determine if all registration, nutrition and student activity collections were properly deposited between July 1, 1993 and November 30, 2010 because adequate documentation was not available. In addition, it was not possible to determine if additional amounts were improperly disbursed because sufficient records were not readily available. If sufficient records had been readily available, additional improper disbursements, unsupported disbursements or undeposited collections may have been identified.

Of the \$362,622.23 identified, \$229,501.31 is attributable to Ms. Vanter, including:

- \$114,532.57 of improper payments on personal credit cards,
- \$57,990.72 of improper salary and benefits, including \$7,959.32 for the District's FICA and IPERS contributions,

- \$32,932.26 of improper payments to vendors,
- \$16,288.76 of improper reimbursements and other payments,
- \$7,132.00 of improper payments to a financial institution, including \$3,132.00 deposited to Ms. Vanter’s personal bank account, and
- \$625.00 of non-sufficient funds charges.

The remaining \$133,120.92 identified is attributable to Gary Stumberg, the District’s former Superintendent, including:

- \$36,700.71 of improper and \$25,475.86 of unsupported salary and benefits, including \$11,293.35 and \$3,010.38 for the District’s FICA and IPERS contributions on the improper and unsupported salary and benefits, respectively,
- \$49,545.86 of improper and \$3,903.14 of unsupported reimbursements and other payments and
- \$17,495.35 of improper Phase III payments authorized by Mr. Stumberg and issued to various administrators, including \$808.07 for the District’s FICA and IPERS contributions.

Table 1 summarizes the amounts of improper and unsupported disbursements identified which are attributable to Ms. Vanter and Mr. Stumberg, respectively.

Table 1

Description	Improper Disbursements Attributable to		Unsupported Disbursements Attributable to	Total
	Ms. Vanter	Mr. Stumberg	Mr. Stumberg	
Payroll and benefits	\$ 57,990.72	36,700.71	25,475.86	120,167.29
Personal credit cards	114,532.57	-	-	114,532.57
Vendors	32,932.26	-	-	32,932.26
Reimbursements and other payments	16,288.76	49,545.86	3,903.14	69,737.76 ^{^^}
Payments to Citizens State Bank	7,132.00	-	-	7,132.00
Phase III payments to administrators	-	17,495.35	-	17,495.35 ^{**}
Non-sufficient funds charges	625.00	-	-	625.00
Total	\$ 229,501.31	103,741.92	29,379.00	362,622.23

^{^^} - Includes \$167.51 and \$134.00 for the District’s FICA and IPERS contributions on the Phase III payments issued to Ms. Vanter and Mr. Stumberg, respectively.

^{**} - Of the Phase III payments and related FICA and IPERS contributions, \$16,687.28 of the payments were issued to various administrators upon Mr. Stumberg’s approval. The related FICA and IPERS is \$808.07.

Table 2 summarizes the improper and unsupported payroll and other improper and unsupported disbursements by fiscal year from 1992 through 2011. As illustrated by the **Table**, except for the improper payroll issued to Ms. Vanter, no other improper disbursements were identified for fiscal year 2009. This was Mr. O’Loughlin’s first year as Superintendent.

Table 2

Fiscal Year	Improper and Unsupported Disbursements Issued to:						Total
	Ms. Vanter**	Mr. Stumberg**	Personal Credit Cards	Vendors	Citizens State Bank	Various^	
1992	\$ 900.00	-	-	-	-	-	900.00
1993	2,050.00	704.00	-	-	-	1,408.00	4,162.00
1994	1,227.50	480.31	99.86	-	-	2,209.29	4,016.96
1995	1,150.00	492.25	-	-	1,007.00	1,476.75	4,126.00
1996	1,233.80	450.00	-	48.77	5,025.00	1,350.00	8,107.57
1997	3,762.94	1,260.00	7,157.05	8,409.52	500.00	3,000.00	24,089.51
1998	2,762.94	1,216.25	14,755.58	1,583.68	-	1,622.00	21,940.45
1999	1,734.66	1,551.65	11,349.00	15,899.91	-	1,269.60	31,804.82
2000	425.26	1,486.00	22,155.49	5,972.50	600.00	-	30,639.25
2001	13.77	3,685.00	19,002.63	-	-	1,701.00	24,402.40
2002	2,442.41	8,173.13	17,838.60	-	-	-	28,454.14
2003	4,893.02	10,091.41	-	-	-	3,402.00	18,386.43
2004	4,135.99	11,438.28	3,711.02	-	-	-	19,285.29
2005	2,664.78	11,638.40	1,826.83	-	-	-	16,130.01
2006	2,583.60	24,448.03	5,386.51	-	-	56.71	32,474.85
2007	3,961.64	11,386.29	2,625.00	-	-	-	17,972.93
2008	5,274.07	27,124.57	1,875.00	-	-	-	34,273.64
2009	5,049.79	-	-	-	-	-	5,049.79
2010	21,061.83	-	6,750.00	1,017.88	475.00	-	29,304.71
2011*	6,951.48	-	-	-	150.00	-	7,101.48
Total	\$ 74,279.48	115,625.57	114,532.57	32,932.26	7,757.00	17,495.35	362,622.23

* - Through November 30, 2010.

** - Includes both improper and unsupported payroll and reimbursements issued to Ms. Vanter and Mr. Stumberg and the District's share of FICA and IPERS.

^ - Phase III payments to various administrators and the District's FICA and IPERS contributions on those payments.

All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

IMPROPER AND UNSUPPORTED DISBURSEMENTS

For the period July 1, 1993 through November 30, 2010, we scanned available redeemed checks, or images of checks, issued from the District's checking accounts and scanned the activity recorded in the District's accounting system. For the period December 2001 through October 2010, we compared the payroll register to employee contracts and authorized Package percentage increases. As a result of these procedures, we identified several unusual disbursements, including credit card payments and payments to Ms. Vanter and Mr. Stumberg. We also identified unauthorized Package percentage increases used in the calculation of payroll. The unusual disbursements identified, as well as the unauthorized payroll increases, are discussed in detail in the following paragraphs.

Unauthorized Package Percentage Increases

As previously stated, in 2010 the Board was considering the implementation of an early retirement program for Central Office staff. As a result, the Board requested Mr. O'Loughlin prepare a salary analysis for those employees. Mr. O'Loughlin analyzed salaries for Central Office employees for 12 fiscal years. This analysis showed several employees did not receive the Package percentage increases approved by the Board.

To determine if the proper payroll amounts were issued to Central Office staff and administrators from December 2001 through November 2010, we reviewed all documents available from the District which related to payroll. These documents included salary and benefit proposals (Proposals), Board meeting minutes, employment contracts and payroll

registers. During our review of these documents, we identified a number of errors and concerns, including the following:

- The Proposals presented to the Board included incorrect insurance rates, were not mathematically correct and did not properly carry information forward from the previous year.
- Some employment contracts did not reflect the Package percentage increase approved by the Board.
- Some amounts recorded in the payroll register and subsequently paid to certain employees were not supported by employment contracts.

The errors identified in the Proposals presented to the Board did not result in improper payments issued to District employees. However, due to the nature of the errors and concerns identified, we determined it was necessary to independently recalculate the amount of salary and benefits which should have been included in the employees' contracts and payroll register based on the Package percentage increases approved by the Board on an annual basis.

Using all records available, we determined improper Package percentage increases and improper treatment of certain benefits resulted in an overpayment of \$50,031.40 for Ms. Vanter and \$25,407.36 for Mr. Stumberg. In addition, we identified vacation payouts issued to Mr. Stumberg totaling \$22,465.48 for which we could not locate supporting documentation. These amounts are included in **Exhibit A**, along with \$22,263.05 incurred by the District for the related FICA and IPERS contributions.

We also identified 9 other Central Office staff and administrators for whom payroll was not properly calculated. There is no reason to believe the employees affected were aware of the miscalculations. The net effect to the District is the underpayment of 1 employee and the overpayment of 8 employees by \$250.54 and \$24,796.31, respectively. Because we are unable to determine whether the net amount of \$24,545.77 is a result of simple miscalculations, adjustments made subsequent to the approval of employment contracts or other legitimate reasons we may not be aware of, no amount is included in **Exhibit A**. In addition, the \$24,545.77 identified is a cumulative amount for the 9 employees over the course of 10 years, which is an average annual difference of only \$272.73 per employee. As a result, the annual amount per employee is minimal.

The errors and concerns identified are explained in detail on the following pages. The following pages also include explanations of how we calculated the improper and unsupported payments identified.

Salary and Benefit Packages - Package percentage increases are awarded by the Board at the beginning of each fiscal year for all Central Office employees and administrators. The Package includes annual salary and the District's share of benefits, such as payroll taxes, medical insurance premiums, dental insurance premiums and tax sheltered annuities (TSA). **Table 3** documents the Package percentage increases awarded by the Board for fiscal years 2003 through 2011 for Central Office staff and administrators according to the Board meeting minutes and the teachers according to information provided by the Business Manager, as well as the allowable growth rate approved by the Legislature for each fiscal year. As illustrated by the **Table**, the Package percentage increases approved by the Board exceeded the allowable growth rate for 8 of the 9 years reviewed. As a result, the salary and benefit increases above the allowable growth rate for those years contributed to the decrease in the District's available funds.

Table 3

Fiscal Year	Approved Package Percentage Increase			Allowable Growth Rate
	Central Office	Administrators	Teachers^	
2003	3.000%	3.000 **	3.620	1.000
2004	3.900	3.900	3.900	2.000
2005	3.980	3.980	4.100	2.000
2006	4.050	4.050	4.040	4.000
2007	4.285	4.450	4.440	4.000
2008	4.560	4.560	4.600	4.000
2009	4.000	4.000	4.800	4.000
2010	3.230	5.230	4.500	4.000
2011	0.740	1.210	2.000	2.000

^ - District officials are unable to determine if the Package percentage increase for teachers was only for salaries or a salary and benefit package.

** - According to the Board meeting minutes, the Board approved a 1.85% salary increase only for Mr. Stumberg in fiscal year 2003.

As the Superintendent, Mr. Stumberg prepared the Proposals for each employee. Subsequent to Mr. Stumberg's retirement, Mr. O'Loughlin and Ms. Vanter jointly prepared the Proposals. After considering the increase in insurance premiums, the Board approved salary and benefit increases, if any, to arrive at the approved Package percentage increase. Therefore, when the Proposals were prepared, all factors were taken into account to calculate a salary which would ensure the total Package percentage increase awarded equaled the Package percentage increase approved by the Board. **Table 4** illustrates an example of this calculation, assuming an authorized Package percentage increase of 4.00%.

Table 4

Description	Current Package	Proposal	Dollar Increase/ (Decrease)	Percent Increase/ (Decrease)
District's share of:				
TSA	\$ 1,200.00	1,200.00	-	-
Insurance premiums:				
Medical	12,012.00	12,252.00	240.00	2.00%
Dental	396.00	396.00	-	-
Disability	222.60	218.86	(3.74)	(1.68)
Life	72.00	45.00	(27.00)	(37.50)
Subtotal	13,902.60	14,111.86	209.26	1.51
Salary	67,557.26	70,563.56	3,006.30	4.45
District's share of FICA/IPERS	9,052.67	9,455.52	402.85	4.45
Total	\$ 90,512.53	94,130.94	3,618.41	4.00

We requested the payroll registers and Proposals for the 11 Central Office staff and administrators for the fiscal years readily available. Because the District's accounting system did not contain payroll data prior to December 2001, we performed a salary analysis for fiscal years 2002 through 2011, ending November 2010. Although the Proposals were not retained with the Board meeting minutes, select fiscal years were located on Ms. Vanter's computer. However, the District was unable to provide a copy of the Proposals for fiscal year 2007. We also obtained copies of the Board meeting minutes documenting the Package percentage increases approved by the Board.

As a result of our procedures, we identified the following discrepancies with the Proposals available for the 11 Central Office staff and administrators. For these 11 staff, a total of 87 Proposals were tested. As illustrated by **Table 4**, each Proposal is comprised of 6 or 7 amounts, depending on whether the individual receives a TSA.

- On 87 occasions, an incorrect insurance premium or TSA contribution was listed.
- On 52 occasions, we were unable to determine the accuracy of the life and/or disability insurance premiums because the District was unable to provide supporting documentation.
- On 40 occasions, the salary and benefits were not properly totaled. For 26 of the instances identified, the errors resulted in both the dollar change and percentage increase being incorrect.
- The Proposals list both the current and proposed salary for each employee. We identified 24 instances where an incorrect salary amount was listed in the Proposal compared to the employee's contract. For 8 of the 24 instances identified, there was no impact on the calculation of the Package percentage increase. However, in 7 instances, the resulting Package percentage increase was higher than the Package percentage increase approved by the Board and, in 9 instances, the resulting Package percentage increase was lower than approved by the Board. In addition, the current salary did not agree with the proposed salary listed on the previous year's Proposal in 5 instances.
- In 8 instances, the District's FICA and/or IPERS contributions were not correctly calculated.
- We located a Proposal for fiscal year 2005 in Mr. Stumberg's personnel file which did not agree with the Proposal presented to the Board for approval. It listed terms which did not agree with the contract terms for fiscal year 2005. It included allowances for him to receive additional wages in lieu of certain benefits, although there is no evidence this was approved by the Board. In addition, we spoke with current and former Board members who served on the Board during the period of our investigation. Several Board members we spoke with stated the Board did not authorize additional wages in lieu of benefits.

Although the Proposals are based on the Package percentage increase, the Board meeting minutes used the terms "salary increase" and "package increase" interchangeably, which makes it difficult to determine the Board's intent. In addition, the Board did not formally approve the Proposals as presented or employee contracts. Only the Package percentage increase was approved.

When we spoke with Board members, they stated employee contracts were not presented to them for their review. They described information presented as summaries comparing the District's salary and benefits to those provided by other Districts in the area. Some Board members also stated the Board basically approved increases as recommended by Mr. Stumberg, including Package percentage increases for Mr. Stumberg.

Employee Contracts - Employee contracts contain the Board President's signature, which was applied with a signature stamp. Ms. Vanter had control of the signature stamp and applied the signature to the employee contracts. According to a former Board President, she did not review the contracts, either prior or subsequent to the application of the signature stamp. We identified a few instances where contracts appeared to have been altered or modified, although there was no evidence the change had been agreed to or approved by the employee or the Board.

The employee contracts should have been used to determine the gross amount of salary and benefits recorded in the payroll register for each employee at the beginning of each fiscal

year. When we spoke with Ms. Vanter, she confirmed she used the employee contracts to record information in the payroll register. However, she also stated Mr. Stumberg told her the amounts she was to enter for his payroll prior to the start of each fiscal year. She further stated these amounts did not agree with her calculations based on his employment contracts. Mr. Stumberg denied telling Ms. Vanter the amounts to be recorded.

As illustrated by **Table 5**, the annual salary included in Ms. Vanter’s employment contract did not agree with either the actual salary recorded in the payroll register and/or the calculated annual salary for any of the 10 fiscal years reviewed. These variances contributed to the improper payroll identified for Ms. Vanter, as discussed later in this report.

Table 5

Fiscal Year	Salary per Contract	Recalculated Salary*	Salary per Payroll Register
2002 [^]	\$ 19,489.87	19,489.87	21,564.85
2003	34,413.54	34,409.50	38,789.54
2004	35,206.08	35,120.50	39,582.08
2005	38,129.07	36,534.50	39,879.07
2006	44,797.10	43,115.50	46,547.10
2007	48,201.81	46,308.00	50,701.81
2008	50,342.00	47,253.50	53,742.30
2009	53,727.83	50,491.00	56,877.83
2010	54,265.11	43,782.00	63,002.11
2011 [~]	14,736.67	14,594.00	20,496.36
Total	\$393,309.08	371,098.37	431,183.05

* - Appropriate annual salary calculated using the Package percentage increases approved by the Board.

[^] - Because the District’s payroll system did not contain payroll data prior to December 2001, the salary amounts presented for fiscal year 2002 are for a partial year. In addition, because records were not available, we were unable to recalculate fiscal year 2002 and accepted it as the base year.

[~] - Because Ms. Vanter resigned effective October 26, 2010, the amounts presented for fiscal year 2011 are for a partial year.

Payroll Register - We identified the following concerns with the salary and benefit amounts recorded in the payroll register:

- 66 instances where the actual Package percentage increase implemented was incorrect. For 37 of the 66 instances identified, the actual Package percentage increase was higher than the Package percentage increase approved by the Board.
- 38 instances where an employee received “extra pay”, “hourly pay” or both. However, no supporting documentation was maintained for these payments.
- 21 instances where an employee received health savings account (HSA) contributions, although no documentation approving the establishment of an HSA could be located.
- 9 instances where an employee received TSA contributions which did not agree with the amount approved in the employment contract.
- 8 employees for whom the medical insurance premium paid was less than the rate specified for the medical plan approved in the employment contract. The difference in payment was then recorded as a payment for an HSA, although we were unable to determine whether an HSA was established for the employees identified.
- 2 employees for whom the TSA contributions and/or medical insurance premiums varied significantly from the amount approved in the employment contract.

In addition, for fiscal year 2011, the Package percentage increase approved by the Board was applied to Central Office personnel and administrators in total. Therefore, an individual employee could have received more or less than the Package percentage increase approved. For the other fiscal years reviewed, the Package percentage increase approved by the Board was applied to each individual.

We compared the actual salary and benefits recorded in the payroll register to those documented in the Proposals and in the employees' contracts. In addition, we compared the insurance premium amounts recorded in the payroll register to the District's rate structure from the insurance provider. Based on the information available, we calculated each employee's total salary and benefits for fiscal years 2002 through 2011. As a result, we identified several miscalculations in the actual salary and benefits recorded in the payroll register for all Central Office staff and administrators.

Summary of Errors Identified - The 2 employees with the most significant discrepancies in salary and benefits received were Ms. Vanter and Mr. Stumberg. **Exhibit B** summarizes the actual and calculated salary and benefit amounts for Ms. Vanter. Additional salary was taken in lieu of approved benefits. Based on the payroll register, Ms. Vanter also received payments recorded as "extra pay", payments from Phase III of the Educational Excellence Program and/or payments from the Beginning Teacher Mentoring and Induction Program (Beginning Teacher) for some pay periods. According to Mr. O'Loughlin, there would be no reason for Ms. Vanter to receive additional pay. In addition, no supporting documentation, such as approved employment contract addendums or approvals per Board meeting minutes, could be located for these payments.

Also, according to section 294A.14 of the *Code of Iowa*, Phase III funding received by the District was to be used to establish a performance-based pay plan, a supplemental pay plan, a combination of the 2 or a comprehensive school transformation program. The funding was to provide for additional salary to teachers, as well as the District's share of FICA and IPERS. We confirmed with a representative of the Department of Education (DE) distributions from Phase III were to be paid to teachers only and administrators or support staff were not eligible to receive the funds. In addition, according to the DE website, a "beginning teacher" is defined as an individual serving under an initial or intern license issued by the Board of Educational Examiners. As Business Manager, this did not apply to Ms. Vanter.

We determined Ms. Vanter's contract included an approved amount for a TSA, although no District contributions for a TSA were recorded in the payroll register for fiscal years 2002 through 2009. In addition, the TSA amount recorded for fiscal year 2010 was \$1,000.00 less than the amount approved by the Board.

We also determined Ms. Vanter participated in a medical insurance plan during fiscal years 2006 through 2008 for which, according to her employment contract, she was not eligible. During these years, the District contributed the difference in the cost between the premium for the authorized plan and the plan in which she actually participated to an HSA established in her name. The only employment contract we identified which included a provision for an HSA was the union contract for teachers. The District also contributed \$200.00 to Ms. Vanter's HSA in fiscal year 2010. However, she participated in the medical insurance plan specified by her employment contract during that year. As a result, the contribution was an additional, unauthorized use of District funds.

As previously stated, when processing payroll on October 20, 2010, a temporary Central Office employee identified check #34378 for \$700.00 which was to be deposited to a personal savings account. Further investigation showed Ms. Vanter had changed her medical insurance coverage from a family plan to a single plan and issued 6 checks for \$690.00 per month in fiscal year 2010 and 3 checks for \$700.00 per month in fiscal year 2011 which were deposited to her personal savings account. According to the District's medical insurance premium rate structure, the difference between the premium for family coverage and single coverage was \$717.00 per month in fiscal year 2010 and \$777.00 per month in

fiscal year 2011. According to Ms. Vanter’s employment contract, she had elected to receive family medical insurance coverage with the premium to be paid by the District. According to Mr. O’Loughlin, because the Board did not authorize Ms. Vanter to change her medical insurance coverage, he voided check #34378.

We spoke with District officials who stated employees don’t often switch between single and family medical insurance coverage. However, in a recent instance in which an employee switched from family coverage to single coverage, the difference in premiums was not added to the employee’s compensation package.

Based on a review of the payroll register, Ms. Vanter received “extra pay” from December 2009 through October 2010. During 10 of the 11 months, checks were deposited to her personal savings account for the difference in medical insurance premium. In addition, 2 of the 11 months included \$500.00 from Beginning Teacher funding and 6 of the 11 months included an additional \$53.00 for which supporting documentation could not be located. However, the \$53.00 equals the difference between the monthly premium for family dental coverage and single dental coverage. These amounts are included in Ms. Vanter’s salary amount shown in **Exhibit B**.

In addition, the Package percentage increase received by Ms. Vanter did not agree with the Package percentage increase approved by the Board in the meeting minutes. According to Mr. O’Loughlin, Ms. Vanter often commented on her displeasure with not receiving a raise. As illustrated by **Exhibit B**, Ms. Vanter received an annual salary for the Business Manager position plus a salary for being the Co-Food Services Director for fiscal years 2006 through 2009. Ms. Vanter’s salary for the Co-Food Services Director position was established by a contract addendum each year. However, the Package percentage increases approved by the Board were not applied to the salary Ms. Vanter received for the Co-Food Services Director position. For 6 of the 9 years for which we recalculated Ms. Vanter’s authorized salary and benefit package, the actual Package percentage increase she received exceeded the Package percentage increase approved by the Board. The unauthorized Package percentage increases ranged from 1.587% to 9.161% more than approved.

As illustrated by **Exhibit B**, the cumulative effect of the improper payroll increases, along with the improper treatment of certain benefits, resulted in an overpayment of \$57,990.72. **Table 6** summarizes the calculation of improper salary and benefits.

Table 6

Description	Over/(Under) Payment
Salary	\$ 60,084.68
District’s share of:	
FICA and IPERS	7,959.32
Insurance premiums:	
Medical	\$ (4,935.00)
Dental	(318.00)
Disability	2.60
Life	1,781.12
District’s contributions to:	
HSA	6,316.00
TSA	(12,900.00)
Total	\$ 57,990.72

Because of Ms. Vanter’s improper payroll increases and the additional IPERS contributions from the District on the improper payroll increases, the amount of benefits Ms. Vanter receives as an IPERS retiree will be greater than if her payroll had not been improperly increased.

Exhibit C summarizes the actual and calculated salary and benefit amounts for Mr. Stumberg. Similar to Ms. Vanter, approved benefits were not taken and gross payroll was greater than authorized. Based on the payroll register, Mr. Stumberg received payments recorded as “extra pay” and/or “hourly pay.” We determined a significant portion of these payments were payouts for unused vacation. According to Mr. Stumberg’s employment contracts, he was entitled to 105 days of sick leave in the initial year, with additional increases each year, not to exceed a cumulative of 105 days. In addition, he was allowed to receive a payout for a maximum of 10 unused vacation days each year. However, the amount of vacation Mr. Stumberg used was not recorded in the District’s payroll system and no other supporting documentation for the payments could be located. **Table 7** summarizes the vacation payouts by fiscal year, along with the related District contributions for FICA and IPERS. Because no supporting documentation could be located, the \$22,465.48 identified, along with the \$3,010.38 for the related FICA and IPERS contributions, is included in **Exhibit A** as unsupported payroll.

Table 7

Fiscal Year	Amount	IPERS	FICA	Total
2002	\$ 3,408.69	196.00	260.76	3,865.45
2003	3,471.70	199.62	265.59	3,936.91
2004	3,580.00	205.85	273.87	4,059.72
2006	3,745.50	215.37	286.53	4,247.40
2007	4,053.19	233.06	310.07	4,596.32
2008	4,206.40	241.87	321.79	4,770.06
Total	\$ 22,465.48	1,291.77	1,718.61	25,475.86

Mr. Stumberg’s employment contracts also state he was eligible to receive family medical insurance coverage; however, except for fiscal year 2008, no medical insurance premiums were recorded in the payroll register. We confirmed with the District’s insurance provider Mr. Stumberg did not have an insurance plan through the District during fiscal years 2002 through 2007. However, he did have an insurance plan for single coverage in fiscal year 2008. According to Mr. Stumberg, the Board allowed him to forego medical insurance and use the amounts which would have been used for medical insurance premiums to contribute to a retirement account or purchase additional insurance products, such as life insurance. Mr. Stumberg also stated all payments were made directly to the insurance or annuity provider.

In addition, Mr. Stumberg was authorized to receive TSA contributions at an established percentage of his annual salary. The payroll register did not include any employer contributions to a TSA for Mr. Stumberg. Instead, Mr. Stumberg’s contributions and any District contributions to his TSA were recorded in the payroll register in the line typically used only for employee contributions and, as a result, were entirely reported as personal contributions on his annual W-2.

According to Mr. Stumberg, he elected medical insurance coverage through the District. However, as previously stated, Mr. Stumberg did not have medical insurance coverage through the District from fiscal year 2002 through 2007. According to a representative of the District’s insurance provider, the District is required to provide at least single coverage for all full-time employees. Therefore, the District should have been paying for at least single

medical insurance for Mr. Stumberg. As a result, the cost of single medical insurance coverage was included when calculating Mr. Stumberg's salary and benefit package. Neither Mr. Stumberg's employment contracts nor the Board meeting minutes specified Mr. Stumberg was to receive the difference in premium between family coverage and single coverage as cash payments. As previously stated, we spoke with District officials who stated employees don't often switch between single and family coverage. However, in a recent instance in which an employee switched from family coverage to single coverage, the difference in premiums was not added to the employee's compensation package.

Several Board members we spoke with said the Board did not authorize any payments in lieu of benefits. However, 2 former Board members we spoke with who served for 10 years or more beginning in the mid-1990's stated they recalled Mr. Stumberg requested to redirect the premium for medical insurance he did not need from the District to a retirement account as a contribution.

According to both Board members, including 1 who served as the Board President, the Board allowed Mr. Stumberg to redirect the premium amounts to a retirement account. The former Board President acknowledged the approval should have been documented in the minutes and could not explain why it was not. In addition, both Board members acknowledged the provision granted was not included in Mr. Stumberg's employment contracts. They also acknowledged subsequent Boards would have no way to know the request had been granted that year and, as a result, could not have approved it for subsequent years.

Of the 2 former Board members, 1 stated he believed the request and approval was approximately mid-way through his tenure, indicating it occurred in approximately 2000, which was prior to the period of our review. The former Board President stated the approval was granted after Mr. Stumberg's wife began employment with Oelwein Community School District (Oelwein). The first full school year Mrs. Stumberg was employed by Oelwein was fiscal year 1997.

When asked if the value of the medical insurance premiums was added to Mr. Stumberg's pay, the former Board President stated he didn't know for sure, but his feeling was the value was added to an annuity. He also indicated if the value was added to an annuity the District would not have to "put it in the paper" which was a "good thing," because "most people thought he was paid too much."

When asked why the provision was not added to Mr. Stumberg's contract during the year of approval or subsequent years, the former Board President stated, "Gary did not put it in." He also indicated it was probably an oversight.

We also spoke with a third Board member who served approximately 10 years on the Board beginning in 1997, which was during the period the Board member stated Mr. Stumberg was authorized to redirect the medical insurance premiums into a retirement account. The Board member we spoke with stated he did not recall the Board discussing or approving Mr. Stumberg to receive other payments in lieu of family medical coverage. The Board member also stated he believed approval of such a provision would have been included in the Board meeting minutes.

Therefore, Mr. Stumberg's calculated Package does not include a provision for the value of family medical insurance coverage to be taken in any other form of payment. However, as previously stated, because the District's insurance provider required at least single coverage be provided for all full-time employees, the cost of single medical insurance coverage was included when calculating the salary and benefit package for Mr. Stumberg.

In addition, the Package percentage increase actually received by Mr. Stumberg did not agree with the Package percentage increase approved by the Board in the meeting minutes for 3 of

the 6 years for which we recalculated Mr. Stumberg's authorized salary and benefit package. The unauthorized Package percentage increases ranged from 0.616% to 11.209% more than approved.

As illustrated by **Exhibit C**, the cumulative effect of improper payroll increases, along with the improper treatment of certain benefits, resulted in an overpayment of \$36,700.71. **Table 8** summarizes the calculation of improper salary and benefits. As illustrated by the **Table**, Mr. Stumberg received \$78,351.70 of salary from December 2001 through June 2008 in lieu of certain benefits although the Board did not record official approval through Board action documented in meeting minutes or signed employment contracts for him to receive salary in lieu of those benefits.

Table 8

Description	Over/(Under) Payment	
Salary	\$ 103,759.06	
District's share of		
FICA and IPERS	11,293.35	
Insurance premiums:		
Medical	\$ (32,662.00)	
Dental	10.00	
Disability	43.76	
District's authorized contributions to a TSA	(45,743.46)	(78,351.70)
Total	\$ 36,700.71	

Because of Mr. Stumberg's improper payroll increases and the additional IPERS contributions made by the District, the amount of benefits Mr. Stumberg receives as an IPERS retiree will be greater than if his payroll had not been improperly increased.

Personal Credit Card Payments

Discover Card – During our initial visit to the District, we scanned images of available checks issued from the District's checking accounts for fiscal years 2010 and 2011. As a result, we identified a check issued to Discover in the amount of \$6,750.00 on December 28, 2009. According to Mr. O'Loughlin, the District does not have a Discover credit card. However, during a review of Ms. Vanter's District e-mail, he observed several personal e-mails, including e-mails from Discover. In addition, according to Mr. O'Loughlin, Ms. Vanter admitted the check identified was a payment on her personal credit card account when she tendered her resignation. Therefore, we obtained an expenditure history from the District's accounting system for all payments issued to Discover. We identified 21 District checks totaling \$51,424.00 issued to Discover.

Using a subpoena, we obtained copies of the credit card statements for the Discover credit card account established by Ms. Vanter. Because the first payment on the expenditure history was dated May 28, 1998, we attempted to obtain statements for the period May 1, 1998 through October 31, 2010. However, statements prior to July 2004 were no longer available. Using the credit card statements available, we determined 4 of the 21 checks issued from the District's checking account could be traced to payments made on Ms. Vanter's personal credit card account. The remaining 17 checks were issued prior to July 2004.

As previously stated, we reviewed available redeemed checks, or images of checks, from July 1, 1993 through November 30, 2010. As a result, we identified an additional 10 checks totaling \$10,171.84 issued to Discover which were not listed in the expenditure history. The 31 checks identified totaling \$61,595.84 are listed in **Exhibit D**.

We attempted to trace the 31 checks identified to supporting documentation and were able to locate a purchase order or invoice for 26 of the 31 checks. Based on a review of the purchase orders located, we determined Ms. Vanter had very distinctive handwriting, allowing us to identify the purchase orders she completed. In addition, we determined 8 of the purchase orders completed and filed in the District's records by Ms. Vanter as support for Discover disbursements also appeared to have been authorized by a current or former administrator. However, as discussed later in this report, we identified several instances where the administrator's signature was not authentic. Also, for those purchase orders containing Mr. Stumberg's authorization, we were unable to determine whether the signature had been handwritten or applied with a signature stamp. Therefore, we were not able to rely on the authorizing signature to validate the legitimacy of the disbursement.

Of the 26 purchase orders, 8 stated the payments were to be issued to "Discover Education." We performed an on-line search for this vendor and identified a company named "Discovery Education," which primarily provides digital media for teachers to incorporate into their classroom curriculum. While the vendor does offer professional development, courses are provided primarily through webinars at a flat fee. The 8 purchase orders prepared by Ms. Vanter included mileage, meals and varying registration fees. In addition, using the available credit card statements, we determined 3 of the 8 purchase orders corresponded with payments made on Ms. Vanter's personal credit card account. The remaining 5 occurred prior to the dates of the available credit card statements.

We also determined 8 of the 31 redeemed checks contained Ms. Vanter's personal credit card account number in the cancellation and 4 of the 31 redeemed checks had a portion torn off. Upon closer inspection, we were able to identify the remnants of handwritten numbers surrounding the torn portion of the redeemed checks. It appears the checks were partially destroyed in an effort to hide the account number which had been handwritten on the face of the checks. **Appendix 1** includes examples of the partially destroyed redeemed checks. In addition, for 6 of the 31 redeemed checks, the payee was modified on the redeemed check. While the checks were initially issued to Discover, the correction feature on the typewriter was used to remove the credit card vendor and type the name of a legitimate vendor when the redeemed checks were returned by the bank. We were able to identify the impact marks of the original payee, which were still visible underneath the modified payee.

Based on our review of redeemed checks, we determined 2 different Discover credit card accounts were paid with District funds. As previously stated, using the available credit card statements, we were able to determine 1 of the accounts was Ms. Vanter's personal account. However, because of the age of the account, personnel from Discover were unable to determine the account holder of the second account identified. Only 4 of the 31 checks identified could not be directly linked to Ms. Vanter's personal account. For those 4 checks, the same concerns were identified regarding the supporting documentation, including torn redeemed checks, photocopied invoices and modified payees. Therefore, the total of the 4 checks is included in the amount shown in **Exhibit A** as improper disbursements.

Examples of the discrepancies and/or alterations identified on the redeemed checks and/or supporting documentation include:

- On January 20, 1997, District check #12329 was issued to Discover for \$889.64; however, a payee of "School Specialty, Inc." was typed over the payee of "Discover xxxx xxxx xxxx 0426" on the redeemed check. In addition, the cancellation on the redeemed check included a Discover card account number ending with "0426."

The School Specialty, Inc. invoice attached to the purchase order as supporting documentation had 2 amounts highlighted with a handwritten note stating the items indicated were missed on the monthly statement. Based on our observation, it appears School Specialty, Inc. billed the District on a monthly basis for supplies purchased.

- On March 19, 1997, District check #12586 was issued to Discover for \$2,201.10; however, a payee of “Iowa Prison Industries” was typed over the payee of “Discover Card” on the redeemed check. We determined the original Iowa Prison Industries invoice was paid by the District with check #11226 on June 21, 1996.
- On April 18, 1997, District check #12695 was issued to Discover for \$810.00; however, a payee of “DRM Computers” was typed over the payee of “Discover” on the redeemed check. In addition, the date was altered on the invoice attached as supporting documentation. We determined the original DRM invoice was paid by the District with check #8387 on October 11, 1994, which was endorsed by DRM Computers.
- On June 27, 1997, District check #13083 was issued to Discover for \$395.00; however, a payee of “Pioneer Manufacturing Co” was typed over the payee of “Discover Card” on the redeemed check. The date was altered on the invoice attached as supporting documentation, but only in one place. The original date remained on the invoice. A copy is included in **Appendix 2**. We determined the original Pioneer Manufacturing Co. invoice was paid by the District with check #9434 on June 8, 1995.
- On June 27, 1997, District check #13084 was issued to Discover for \$831.81; however, a payee of “McGraw Hill” was typed over the payee of “Discover” on the redeemed check. In addition, the date was altered on the invoice attached as supporting documentation.
- On September 5, 1997, District check #13428 was issued to Discover for \$880.00; however, a payee of “Entre Information Systems” was typed over the payee of “Discover Card” on the redeemed check. We determined the original Entre Information Systems invoice was paid by the District with check #12794 on May 13, 1997.
- On February 19, 1998, District check #14245 was issued to Discover for \$775.00; however, the payment amount matched the per item amount on the Entre Information Systems invoice attached as supporting documentation, not the total on the invoice.
- On January 22, 2001, District check #19651 was issued to Discover for \$1,375.00. The purchase order was authorized by a former administrator and was for the pre-registration for 5 teachers to attend a seminar. Per review of the redeemed check, the bottom of the check had been torn off. However, some handwritten numbers were still visible. A copy of the check is included in **Appendix 1**.
- On March 8, 2006, District check #28534 was issued to Discover for \$4,050.00. The purchase order was prepared by Ms. Vanter and authorized by a former administrator. According to the description, the payment was being issued to “Discover Education” for registration fees for 9 teachers to attend special needs students integration or general education classes. However, per review of the redeemed check, the last 10 digits of Ms. Vanter’s personal Discover credit card account had been handwritten on the face of the check.
- On December 28, 2009, District check #33555 was issued to Discover for \$6,750.00. The purchase order was prepared and authorized by Ms. Vanter and also contained Mr. O’Loughlin’s initials. However, according to Mr. O’Loughlin, the initials were not his and he provided a District leave request with an example of his initials. The purchase order stated the payment was to be issued to “Discover Education” for workshop materials, registration fees and meals for 15 teachers at \$450.00 each. The dates of the workshop were listed as February 12, 2009, March 19, 2009 and April 16, 2009. A copy of the purchase order is included in **Appendix 3**. We traced this payment to Ms. Vanter’s personal credit card statement.

First National Bank of Omaha – While searching through District records to resolve another matter, a temporary Central Office employee identified a check dated March 2, 2000 issued from a District checking account to First Center for \$3,600.00. A review of the check image accompanying the bank statement showed the face of the check contained a handwritten 16-digit number. The employee recognized the beginning digits as the same as her own personal credit card held with First National Bank of Omaha (FNBO). According to Mr. O’Loughlin, the District does not hold any credit cards with FNBO.

Using a subpoena, we attempted to obtain copies of the credit card statements for the FNBO account number written on the face of the check. However, the account had been closed in 2001 and statements were no longer available. The financial institution was able to provide the account holder’s name, address and social security number. The account holder was identified as 1 of Ms. Vanter’s daughters. We compared the social security number provided by FNBO to the social security number contained in historical records at the District to ensure Ms. Vanter’s daughter had been properly identified. As a result, we determined the check issued to First Center for \$3,600.00 had been used to make a payment on Ms. Vanter’s daughter’s personal credit card account and is considered improper.

During our review of redeemed checks, we identified 16 additional checks totaling \$33,890.79 which were issued to FNBO. The 17 checks identified, totaling \$37,490.79, are listed in **Exhibit E**. We attempted to trace the 17 checks identified to supporting documentation and were able to locate a purchase order or invoice for 12 of the 17 checks identified. In addition, we determined 2 of the purchase orders provided as supporting documentation for FNBO disbursements had been completed by Ms. Vanter and authorized by a current or former administrator. As previously stated, administrator authorization could not be relied on to determine legitimacy of the disbursement.

We also determined 2 of the 17 redeemed checks contained the account number of Ms. Vanter’s daughter’s personal credit card in the cancellation, 2 had a portion torn off and 2 had the account number of Ms. Vanter’s daughter’s personal credit card handwritten on the face of the redeemed check. As previously stated, it appears the 2 torn checks were partially destroyed in an effort to hide the account number which had been handwritten on the face of the checks. Copies are included in **Appendix 1**. In addition, for 5 of the 17 redeemed checks, the payee was modified on the redeemed check. The checks were initially issued to FNBO; however, as with the checks issued to Discover, the correction feature on the typewriter was used to remove the credit card vendor and type the name of a legitimate vendor when the redeemed checks were returned by the bank. We were able to identify the impact marks of the original payee, which were still visible underneath the modified payee.

Examples of the discrepancies and/or alterations identified on the redeemed checks and/or supporting documentation include:

- On April 18, 1997, District check #12694 was issued to FNBO for \$565.00; however, a payee of “McGraw Hill School Systems” was typed over the payee of “First National Bank” on the redeemed check. The dates had been altered on the invoice attached as supporting documentation.
- On June 27, 1997, District check #13082 was issued to FNBO for \$300.00; however, a payee of “Entre Information Systems” was typed over the payee of “First Bankcard Center” on the redeemed check. The dates were altered on the invoice attached as supporting documentation.
- On November 7, 1997 and December 11, 1997, District checks #13781 and #13965 were issued to FNBO for \$1,499.00 and \$1,199.00, respectively. However, a payee of “Apple Computer Inc” was typed over the payee of “First Bankcard Center” on each

redeemed check. In addition, the same invoice was used as supporting documentation for both payments.

- On June 16, 1998, District check #14833 was issued to FNBO for \$1,200.00. On the check stub filed with the invoices, there was a handwritten note stating “Need PO.”
- On March 16, 1999, District check #16238 was issued to FNBO for \$2,500.00. The redeemed check had the personal credit card account number of Ms. Vanter’s daughter written on its face.
- On August 27, 1999, District check #17059 was issued to FNBO for \$2,000.00. There was a handwritten note on the top of the redeemed check stating “Reg Fees Conf 44986” and the purchase order stated the payment was to be issued to the “Nat’l Dept of Special Ed” payable to First Bank Center. Per review of the redeemed check, the cancellation contained the personal credit card account number of Ms. Vanter’s daughter.
- On June 19, 2000, District check #18499 was issued to FNBO for \$3,200.00. The top of the redeemed check had been torn off before it was filed with the bank statement.

Retailer’s National Bank – During our review of redeemed checks, we identified 27 checks totaling \$10,986.47 issued to Retailer’s National Bank as payment on Ms. Vanter’s personal Target credit card account. These payments are listed in **Exhibit F**. As illustrated by the **Exhibit**, for calendar years 2000 through 2002, 5 or more monthly payments were made using District funds. In addition, the amounts remitted paid 100% of the outstanding balance.

Supporting documentation for these payments was primarily comprised of a copy of Ms. Vanter’s credit card statement with no receipts attached. On occasion, a purchase order had been prepared. District check #26272 issued to Target National Bank for \$910.36 was accompanied with a purchase order which appeared to be approved by Sandra Klaus, the Elementary Principal. However, according to Mr. O’Loughlin and comparison to a purchase order identified by Ms. Klaus, her signature on the purchase order was not authentic.

Other Personal Credit Cards – In addition, during our review of redeemed checks, we identified payments to Sears, Visa and CitiFinancial, as follows:

- 4 checks to Sears totaling \$2,127.35,
- 2 checks to Visa totaling \$1,700.00 and
- 1 check to CitiFinancial for \$632.12.

These payments totaling \$4,459.47 are listed in **Exhibit G**. We reviewed the purchase order for District check #14838 issued to Visa for \$900.00 on June 22, 1998. According to the purchase order, the disbursement was to be issued to “VISAL.” In addition, we traced 1 of the 4 Sears payments identified to the personal credit card account held by 1 of Ms. Vanter’s daughters.

In addition to those identified above, we determined Ms. Vanter held personal credit cards from American Express, Capital One and Chase. She also held several other store cards, such as Menards and Old Navy. As a result, we specifically scanned for these vendors while reviewing the District’s redeemed checks and check images accompanying the bank statements. We did not identify any payments to these vendors; however, sufficient supporting documentation was not always readily available to allow for determination of vendor or propriety.

According to District personnel, the District does not hold accounts with any of the credit card vendors identified above. The \$114,532.57 of personal credit card payments is included in **Exhibit A** as improper disbursements and consists of:

- \$61,595.84 issued to Discover,
- \$37,490.79 issued to the First National Bank of Omaha,
- \$10,986.47 issued to Retailer's National Bank and
- \$4,459.47 issued to other personal credit cards.

Payments to Vendors

As previously stated, we reviewed available redeemed checks and check images accompanying the bank statements for the period July 1, 1993 through November 30, 2010. As a result of this review, we identified 16 checks totaling \$32,932.26 issued to various vendors which were determined to be personal in nature or otherwise improper. These checks are listed in **Exhibit H** and the total of \$32,932.26 is included in **Exhibit A** as improper disbursements.

The 16 payments identified ranged from \$22.95 to \$9,404.91 and included:

- District check #11347 was issued to Boardroom Classics, a book vendor, for \$34.72 on July 30, 1996. An invoice was provided as supporting documentation; however, the return envelope had been placed over the invoice to cover the mailing address of the recipient.
- District check #12579 was issued to AT&T for \$500.00 on March 17, 1997; however, a payee of "Purchase Power" was typed over the payee of "AT&T" on the redeemed check. In addition, the invoice provided as supporting documentation was a photocopy on which the outline of the original check stub was visible. We located District check #12066 which originally paid the amount owed to Purchase Power. The original invoice was stamped paid and attached to the check stub. Further scrutiny of the photocopied invoice showed the paid stamp had been covered with a piece of paper; however, the top of the word "PAID" is visible on the photocopied invoice.
- District check #12614 was issued to AT&T for \$1,500.80 on April 9, 1997; however, a payee of "Apple Computer Inc" was typed over the payee of "AT&T" on the redeemed check. In addition, the invoice provided as supporting documentation was a photocopy containing both a photocopied "PAID" stamp and the original "PAID" stamp in red ink.
- District check #12910 was issued to KDW Property Management for \$2,325.00 on May 29, 1997; however, a payee of "Sandy Merritt Teacher Tested Innovations" was typed over the payee of "KDW Property Management" on the redeemed check. In addition, the endorsement had been blacked out with a permanent marker and covered with a mailing label. Further scrutiny of the endorsement showed KDW Property Management had endorsed the check. Based on an internet search, it appears KDW Property Management is located in Texas and operates a school which specializes in airline operations. We were able to locate the related check stub maintained in the District's records on which there was a handwritten note stating "W Tuition KDW Property." One of Ms. Vanter's daughters' first name begins with "W." According to District personnel, Ms. Vanter's daughter attended school in Texas to study in that field.

- District check #13985 was issued to the U.S. Department of Education for \$1,500.00 on December 17, 1997. According to the purchase order provided as supporting documentation, the check was to be made payable to “Discover Education.” In addition, the face of the redeemed check includes a handwritten social security number which matches the social security number of 1 of Ms. Vanter’s daughters.
- District check #14103 was issued to Columbia House for \$44.19 on January 13, 1998. Similar to the Boardroom Classics disbursement, the return envelope was placed over the invoice to cover the mailing address of the recipient. However, the zip code containing a 4-digit extension remained visible. We searched for the 4-digit extension on-line and determined it signified the street and city address of Ms. Vanter’s residence.
- District check #15419 was issued to GE Capital for \$9,404.91 on September 28, 1998. However, when reviewing supporting documentation, we determined a significant portion of the redeemed check had been torn off. In addition, the supporting documentation was comprised of a sticky note stating “To pay car off” and “find copy machine invoice.” **Appendix 4** includes an image of the check and a copy of the sticky note.

We also reviewed District check #11238 which was issued to Sandy Merritt Teacher Tested Innovation for \$4,025.00 on June 21, 1996. The purchase order was approved by the former Elementary School Principal and had an original invoice attached. We determined the payment was legitimate. However, the Principal’s signature had been handwritten over multiple times on the carbon copy of the purchase order. It appears the carbon copy was used as a template to apply the Principal’s signature to other purchase orders. A copy is included in **Appendix 5**.

Improper Reimbursements and Other Payments to Vicki Vanter

As previously stated, during our review of payroll, we identified payments from Phase III of the Educational Excellence Program for which there was no supporting documentation. As a result, we obtained a report from the District’s accounting system listing all payments from this program, including both payments processed as payroll and payments processed as reimbursements. The report showed several payments issued to Ms. Vanter, Mr. Stumberg and other administrators which were not allowable costs for the program. We obtained a listing from the District’s accounting system of all payments issued to Ms. Vanter which were not processed as part of payroll and reviewed the available supporting documentation. During the review of the supporting documentation, we obtained copies of 5 checks dated prior to July 1, 1993 which were also issued to Ms. Vanter. The checks were determined to be Phase III payments and are considered improper. We identified a total of 34 payments totaling \$16,121.25 issued to Ms. Vanter which are considered improper.

Of the 34 payments identified, 23 payments totaling \$10,400.00 were recorded as Phase III distributions on the District’s accounting system. Of these payments, 3 were processed through the District’s payroll system. Therefore, the District incurred \$167.51 for the District’s FICA and IPERS contributions on those 3 payments.

We were able to locate supporting documentation for 9 of the 23 Phase III payments which include:

- For 5 of the payments, the supporting documentation was comprised of a single piece of notebook paper titled “Phase III incidental funds:” which listed Ms. Vanter and another employee. It specified Ms. Vanter was to receive 5 payments on certain dates.

- On May 24, 1994, District check #7858 was issued to Ms. Vanter for \$450.00. The supporting documentation was comprised of a “Payment Verification” form stating Ms. Vanter had successfully completed the requirements of bookkeeping and secretary duties and was qualified to receive \$450.00. The form was signed and dated by Ms. Vanter and Mr. Stumberg.
- For 2 of the 9 payments, the only documentation available was a purchase order prepared by Ms. Vanter, 1 of which was signed by Ms. Vanter and the other was signed by Mr. Stumberg. We are unable to determine if Mr. Stumberg’s signature is a manual or a stamped signature. The purchase orders do not provide a description for the payment other than Phase III indirect costs.
- The remaining payment was supported by a piece of notepad paper with a vendor logo at the top. The paper lists 4 individuals, including Ms. Vanter, and the amount each check is to be issued for. No other description or documentation was provided or attached.

We also determined a \$2,012.94 payment to Ms. Vanter on November 6, 1996 was allegedly for reimbursement of a computer purchase. However, the supporting documentation attached to the District’s copy of the check was an invoice from Apple Computer, Inc. dated November 3, 1995 and a Discover credit card statement from October 1996. Both the invoice and the Discover credit card statement had been altered. As illustrated by **Appendix 6**, the order number and the computer serial number on the invoice were changed as indicated by the arrows. In addition, **Appendix 6** includes a copy of the Discover credit card statement submitted by Ms. Vanter. As illustrated, the previous balance, purchases and miscellaneous charges and the new balance were all modified.

On March 31, 1998, Ms. Vanter received a payment for \$2,362.94, of which \$2,012.94 was recorded in the accounting system as reimbursement of a computer purchase. The remaining \$350.00 was recorded as a Phase III payment. The supporting documentation attached was an invoice from Apple Computer, Inc. dated November 3, 1995. Except for the alterations identified, this invoice appears to be the same as the invoice attached to the November 6, 1996 payment discussed above. A copy of this invoice is also included in **Appendix 6**.

The remaining 9 payments identified total \$1,345.37 and include:

- \$667.66 for small equipment purchases. The supporting documentation was altered and the original payor was changed, with Ms. Vanter’s name handwritten on the receipt.
- \$298.14 for supply purchases. The original payor was whited out on the original receipt. However, we were able to determine the original payor was a teacher for the District.
- \$109.50 for a purchase on Ms. Vanter’s personal Target credit card. A purchase order was completed by Ms. Vanter and authorized by a District administrator. However, according to Mr. O’Loughlin, he asked the administrator to validate the signature and she told him it was not her signature. In addition, he provided a purchase order which she identified as being signed by her for comparison. The signatures do not appear to be the same.

The 34 payments identified are listed in **Exhibit I** and the total of \$16,288.76 is included in **Exhibit A** as improper disbursements.

Improper and Unsupported Reimbursements and Other Payments to Gary Stumberg

As previously stated, the Phase III expenditure report showed several payments to Mr. Stumberg. Therefore, we obtained a listing from the District's accounting system of all payments issued to Mr. Stumberg which were not processed as part of payroll and reviewed the available supporting documentation. As a result, we identified 25 payments totaling \$49,411.86 issued to Mr. Stumberg which are considered improper and 1 payment totaling \$3,903.14 which is considered unsupported.

Of the 25 payments identified, 8 which total \$4,937.56 were recorded as Phase III distributions on the District's accounting system. As previously stated, Phase III funding was to be used for teacher salaries only. Of these payments, 2 were processed through the District's payroll system. Therefore, the District incurred \$134.00 for the District's FICA and IPERS contributions on those 2 payments.

We were able to locate supporting documentation for 5 of the Phase III payments. For 4 of the 5 payments, the supporting documentation was comprised of a piece of paper, as follows:

- A note written to Ms. Vanter listing Mr. Stumberg and 3 other administrators which indicated the dollar amount to be paid and whether the payment was to be treated as payroll or reimbursable expenses.
- A chart listing Mr. Stumberg and 3 other administrators with instructions on whether to treat the payment as wages or expenses and to make the payments in June for \$480.31 each.
- A note written to Ms. Vanter detailing Mr. Stumberg's salary information, including instructions to make a payment of \$492.25 as a reimbursable expense for indirect Phase III expenses.
- A piece of notepad paper with a vendor logo at the top (the same as attached to a Phase III payment issued to Ms. Vanter) listing 4 individuals, including Mr. Stumberg, and the amount the check is to be issued for. No other description or documentation was provided or attached.

The fifth payment was supported by a purchase order prepared by Ms. Vanter, which stated the payment was for Phase III indirect costs.

In addition, we identified 14 payments totaling \$44,080.40 issued for health expense or reimbursement for medical insurance premiums. According to the purchase orders prepared and approved by Mr. Stumberg, these payments were reimbursements for the medical insurance premiums incurred by his wife for obtaining family medical insurance coverage through the school district at which she was employed. During an interview with Mr. Stumberg, conducted in conjunction with law enforcement, Mr. Stumberg stated he had never been on his wife's medical insurance policy. However, in a later interview, Mr. Stumberg confirmed he had received medical insurance coverage through his wife's place of employment. We confirmed his coverage on his wife's plan with the insurance provider.

As previously stated, according to Mr. Stumberg, the Board allowed him to forego the medical insurance coverage provided by the District and instead contribute the same amount to a retirement account or purchase additional insurance products. When Mr. Stumberg authorized reimbursements to himself for the full cost of family medical insurance withheld from his wife's payroll in addition to receiving the amount the District would have paid for medical insurance premiums to contribute to a retirement account or purchase additional insurance products, the District incurred the cost of medical insurance twice.

All of the Board members we spoke with, including the 2 who stated they were aware Mr. Stumberg received payments in lieu of benefits, stated they were not aware of these

reimbursements and they were not authorized by the Board. **Appendix 7** includes copies of 3 of the 14 checks issued to Mr. Stumberg and copies of the related supporting documentation.

Of the remaining 3 payments, 2 were payments for mowing District grounds and totaled \$133.90. According to a representative of the District, if Mr. Stumberg wanted to get out of the office for a while, he would volunteer to mow school grounds. The last payment was \$260.00 for time spent working on the School-to-Work grant. Because the mowing he performed occurred during normal business hours and because Mr. Stumberg's duties would have included working on grants administered by the District, additional compensation for these duties would not be expected.

An unsupported payment of \$3,903.14 was issued on June 28, 2006 for unused vacation days. As previously stated, Mr. Stumberg's vacation days were not tracked in the District's payroll system and we were unable to locate any other supporting documentation to ensure Mr. Stumberg had not previously used the vacation days during the course of the year.

The 25 improper payments and 1 unsupported payment identified for Mr. Stumberg are listed in **Exhibit J** and are included in **Exhibit A** as improper and unsupported disbursements. As illustrated by the **Exhibit**, Mr. Stumberg chose to receive Phase III and medical insurance payments as reimbursements rather than having them processed through payroll. As a result, the proper income tax treatment may not have been applied to these payments.

In addition, based on a review of the expenditure history report, we determined Mr. Stumberg claimed mileage on a monthly basis. Other than the District's generic mileage claim form, no supporting documentation was provided for the miles claimed. Of the 90 payments tested, we determined 51 included mileage to Strawberry Point. Often, there was more than 1 trip on a given day. Monthly mileage claimed ranged from 96 miles to 324 miles. Strawberry Point is a 12-mile round trip from the District's campus. We also determined Mr. Stumberg claimed mileage for checking roads during bad weather. Of the 90 payments tested, 21 included mileage for road checks. Mileage claimed ranged from 40 miles for 1 day to 618 miles for 15 days (41 miles per day) to 708 miles for 12 days (59 miles per day). According to Mr. O'Loughlin, he does not claim any mileage for checking roads. In addition, he stated he travels 8 to 10 miles, at most, performing this duty. According to a former Board president, she asked Mr. Stumberg about his mileage claims and he was very defensive and would not provide an answer.

Although Mr. Stumberg was allowed a mileage reimbursement for District-related travel, the mileage claimed by Mr. Stumberg appears unreasonable and excessive. For the period July 1, 1993 through June 30, 2008, Mr. Stumberg received \$111,908.15 of additional payments and reimbursements, an average of \$7,460.00 per year. For comparison, we reviewed the reimbursement claims submitted by Mr. O'Loughlin from July 1, 2008 through June 30, 2011. In that 3-year time period, Mr. O'Loughlin received \$224.80 in reimbursements, an average of \$75.00 per year, primarily comprised of meal expenses, meeting expenses and supply purchases. According to Mr. O'Loughlin, he makes a conscious effort to monitor and control his expenditures in order to contribute to the financial stability of the District. Because sufficient detail and supporting documentation was not provided, we cannot determine the business purpose of the travel claimed by Mr. Stumberg. Therefore, although no amount is included in **Exhibit A**, the mileage reimbursements claimed by Mr. Stumberg are considered excessive.

Payments to Citizens State Bank

As previously stated, we reviewed available redeemed checks and check images accompanying the bank statements for the period July 1, 1993 through November 30, 2010. We identified a significant number of checks issued to Union Bank & Trust (currently known

as Citizens State Bank). We determined all but 6 of the checks were reasonable for the District's operations based on supporting documentation, timing, amount or because we could trace the proceeds into deposit in another District bank account.

However, we identified 6 checks totaling \$7,132.00 which were determined to be personal in nature or otherwise improper. On 5 of the 6 checks identified, Ms. Vanter's personal bank account number was included on the payee line of the check. The 6th check was issued for \$4,000.00 on June 25, 1996. Because supporting documentation was not available for the check, the proceeds were not deposited into another District bank account and the District would not have a need to have \$4,000.00 cash on hand at the end of June, the check is considered improper.

Table 9 lists the 6 checks identified and the total of \$7,132.00 is included as improper disbursements in **Exhibit A**.

Table 9

Date	Check Number	Amount	
07/15/94	2731	\$503.50	**
08/22/94	2800	503.50	**
07/14/95	4890	1,025.00	**
06/25/96	11255	4,000.00	^^
07/15/96	7025	500.00	**
12/29/99	17623	600.00	**
Total		<u>\$ 7,132.00</u>	

** - Ms. Vanter's personal bank account number was included in the payee on the redeemed check.

^^ - The available supporting documentation was a photocopy of the check with no check stub or other documentation.

REVENUES

The District's primary revenue sources include Federal and State allocations received from the State of Iowa, property tax received from Buchanan, Clayton, Delaware and Fayette Counties, open enrollment received from other districts and fees charged to students, such as registration, nutrition and activity fees. The District also receives medical insurance premium payments from retired employees participating in the District's medical insurance program.

We reviewed payments made to the District by the State of Iowa, Buchanan County, Clayton County, Delaware County and Fayette County to determine if they were properly deposited to the District's accounts. We also reviewed the payments received from retired employees for medical insurance payments to determine if they were properly deposited to the District's accounts. Because no concerns were identified, further testing was not considered necessary.

Registration Fees – Registration fees are collected by the District at the beginning of each school year. The District hosts a night for parents to complete any necessary paperwork and remit fees. In addition to registration fees, payment can also be made for club dues, outstanding library fines, yearbook purchases, activity pass purchases and other miscellaneous charges. According to Mr. O'Loughlin, various District personnel were available to assist parents in completing forms, determining the amount owed and providing a registration receipt. Parents then took the registration receipt to Ms. Vanter in order to remit payment, which could be made through cash or check.

We attempted to reconcile the registration receipts for the 2010/2011 school year to the registration fees recorded in the District's accounting system and subsequently deposited. However, sufficient supporting documentation was not maintained to complete the reconciliation. Based on the documentation available, we determined the registration fees recorded in the District's accounting system exceeded the total registration receipts by approximately \$2,400.00. We are unable to determine an explanation for the variance. In addition, because registration fees collected were deposited in total, we were unable to reconcile the registration receipts to deposits.

Activity Fees – Various activity fees are collected by the District, including club dues, activity passes and sporting event admissions. Each club or sport has an assigned teacher who is responsible for fundraising activity and supply purchases. A separate activity fund is maintained in the District's accounting system to account for the receipts and disbursements of the various groups. In addition, Ms. Vanter maintained a hand-written ledger for each group documenting the receipts, disbursements and an ending balance. According to Mr. O'Loughlin and sponsors for Future Farmers of America (FFA) and the Spanish Club, Ms. Vanter used the hand-written ledger to provide ending balances to club and team representatives.

We reviewed the revenue and expenditure reports from the District's accounting system for the activity fund to determine if any vendors which did not have a legitimate business purpose, excessive corrective entries or miscoded activity could be identified. Based on that review, it appears specific transactions may have been recorded under an incorrect club or sport. However, overall, no questionable activity was identified.

Because specific concerns were brought to our attention, we reviewed the activity related to the FFA and the Spanish Club. For both groups, we scanned the detailed transactions to determine if any improper disbursements could be identified. We also attempted to reconcile the hand-written ledgers maintained by Ms. Vanter to the activity recorded in the District's accounting system.

Several bookkeeping errors were identified in the hand-written ledger maintained for the FFA, which resulted in Ms. Vanter providing a significantly overstated balance to the FFA sponsor. According to the FFA sponsor, she asked Ms. Vanter for the balance on a monthly basis; however, Ms. Vanter never had the balance prepared and would only provide her a copy of the hand-written ledger. We also identified bookkeeping errors in the hand-written ledger maintained for the Spanish Club, resulting in a slightly overstated balance.

Because sufficient supporting documentation was not available, we were unable to determine whether all funds collected by the FFA and Spanish Club had been properly recorded and deposited. We identified a few disbursements which may not meet the test of public purpose; however, no other apparent questionable activity was identified.

Nutrition Fees – Fees are collected from students and teachers for breakfast and lunch provided by the school, including milk. During Ms. Vanter's tenure, the Elementary School Secretary collected the money remitted by students and another individual scanned the lunch cards, recorded the amount collected to the District's nutrition software and created the deposit. At the High School, 1 individual performed all these duties. Ms. Vanter then took all deposits to the bank and recorded the deposits to the District's accounting system.

Subsequent to Ms. Vanter's resignation, procedures remained the same at the Elementary School. However, the individual at the High School began taking the deposits to the bank in addition to performing the other functions. The current Business Manager then records the deposit in the District's accounting system. According to the current Business Manager, procedures are going to be revised, as follows:

- All monies for lunch will be collected by each building secretary, who will create a deposit slip.
- The amounts collected will then be recorded in the District's nutrition software by 2 individuals independent of the collection process. In addition, 1 of these individuals will take the deposit to the bank.
- The current Business Manager will compare the deposit slip to the entry in the nutrition software and record the deposit to the District's accounting system.

Because sufficient supporting documentation was not maintained, we are unable to determine whether all nutrition fees owed to the District were properly collected, recorded and deposited.

OTHER INFORMATION

Administrative Oversight – Throughout the course of the investigation, we identified several areas in which Ms. Vanter, Mr. Stumberg or the Board were not properly carrying out the duties of their positions. According to Mr. Stumberg, the Board received very limited financial information. He also stated he asked the Board if it would prefer more detailed information when he became Superintendent. According to Mr. Stumberg, the Board indicated it did not want more than it was currently receiving; therefore, he kept the reports the same. Our concerns are summarized as follows:

- The Board meeting minutes use the terms “salary increase” and “package increase” interchangeably, which makes it difficult to determine the Board's intent. According to some Board members we spoke with, salary increases were discussed. Other Board members stated package increases were discussed and others stated both were discussed. However, they all stated they did not review employment contracts and they only reviewed the information Mr. Stumberg provided to them. Most also stated they typically approved what Mr. Stumberg recommended.
- Ms. Vanter and Mr. Stumberg elected to forego certain benefits and receive cash payments or additional wages in lieu of those benefits. In addition, Mr. Stumberg authorized reimbursements to himself for the full cost of family medical insurance withheld from his wife's payroll for a family policy she carried. Board members we spoke with stated they were not aware of the reimbursements or that Ms. Vanter and Mr. Stumberg elected to forego benefits in lieu of other payments. They stated these actions were not authorized by the Board.
- As previously stated, the Phase III expenditure report listed payments to various administrators. We identified 6 employees who received Phase III payments which were not allowable. There is no reason to believe the employees affected were aware the payments were improper. We spoke with 1 of the employees who indicated she inquired of Mr. Stumberg at the time the check was received whether the payment was proper. According to her, Mr. Stumberg informed her the payment was allowable. Upon learning from Mr. O'Loughlin the payment was improper, she immediately issued a check to the District for the \$500.00 payment she received from Phase III. This payment is included as a repayment in **Exhibit A**.

For the 6 employees, 29 payments totaling \$16,687.28 were identified. In addition, \$808.07 was paid for the District's FICA and IPERS contributions on the payments processed through the District's payroll system. Because these payments are not in compliance with the requirements of the program, the total of \$17,495.35 is included in **Exhibit A** as improper disbursements.

- During our review, we identified 264 payments issued between January 1, 1998 and October 20, 2010 for flowers purchased by the District for funerals and to send

messages such as get well, congratulations and thank you. The purchases identified total \$16,408.83. These purchases may not meet the test of public purpose.

- We identified over 20 bank accounts and certificates of deposit held in the name of the District. Ms. Vanter had the ability to complete telephone transfers to move funds between District bank accounts without prior approval. In addition, she issued District checks from 1 bank account to another. We tested 132 checks issued to a District account between June 2008 and October 2010. Of these, 5 could not be traced to deposit in a District account. However, they may have been deposited with other checks. As a result, no amount is included in **Exhibit A**. Of the accounts identified, there appeared to be 3 main checking accounts for the General Fund, the Nutrition Fund and the Clearing Account. Both the General Fund and the Nutrition Fund checking accounts had 2 sets of check stock, 1 for accounts payable and 1 for payroll. However, the 2 sets of check stock were numbered using the same sequence.

In addition, we determined Ms. Vanter had the ability to generate both electronically signed checks from the District's accounting system and manual checks printed on a typewriter. Therefore, it would be possible for a check to be generated which was not recorded. We also determined the District's accounting system automatically numbered the checks as they were printed. However, if Ms. Vanter did not properly feed the pre-printed, pre-numbered check stock into the printer, the check number recorded in the accounting system would not necessarily match the check number which was redeemed by the bank for a given expenditure.

During a review of bank statements, we identified \$1,625.00 of non-sufficient funds charges. Of that amount, \$1,000.00 was refunded by the bank. However, the District paid the remaining \$625.00 of non-sufficient funds charges, which are included in **Exhibit A** as improper disbursements.

- We also determined Ms. Vanter had the ability to record journal entries to the District's accounting system which were not reviewed or approved. In addition, no supporting documentation was maintained for these transactions.
- The District maintained a change fund under the control of Ms. Vanter which no other employee periodically reviewed or counted. In addition, Ms. Vanter allowed an employee to redeem personal checks for cash from the change fund.
- We identified a payment received from the State of Iowa which was not deposited in a timely manner.
- We identified a reimbursement issued to the former Middle School Principal for hotel and meals while attending a conference. However, the hotel receipt provided was not under the Principal's name and the room number listed did not match the room number the Principal handwrote on a hotel restaurant receipt. As presented, this reimbursement should not have been issued. If the supporting documentation was discussed with the former Principal, appropriate notes should have been made as to why the hotel invoice was accepted. There was no indication the supporting documentation had been reviewed by anyone in authority.
- We determined both Ms. Vanter's and Mr. Stumberg's children worked for the District during various summers. We were able to locate timesheets for the 50 payments tested. Of those, 48 had not been properly approved. A review of the timesheets showed there was no place for either an employee signature or a supervisor's signature. We noted Board approval for 1 of Ms. Vanter's daughters. However, because Ms. Vanter was the Business Manager, approval would have only been needed from Mr. Stumberg.

Several of the timesheets for Mr. Stumberg's son appeared to have the Maintenance Director's initials. However, according to the Maintenance Director, he never approved timesheets. In addition, Board approval was not documented in the Board minutes for 1 of the summers worked by Mr. Stumberg's son and none of the summers worked by Mr. Stumberg's daughter, as required.

Of the 4 children, an IRS form 1099 was located for only 1 of Ms. Vanter's daughters. According to District personnel, the District has all the 1099s and cannot find forms for 3 of the 4 children for the years they worked for the District.

District Financial Position – District officials raised concerns regarding the District's declining financial position. We reviewed the audited financial statements for fiscal years 2004 through 2010. From fiscal year 2004 through fiscal year 2010, the fund balance of the General Fund decreased \$2,185,065.00, or 138.6%, from \$1,576,746.00 to a deficit balance of \$608,319.00. According to the Board President and Mr. O'Loughlin, the Board has been asking for several years about the declining fund balances. However, Ms. Vanter was never able to provide a satisfactory answer. As part of its fiduciary responsibilities, the Board should have continued to ask explicit questions about the District's financial condition and followed up on any questions which were not resolved to its satisfaction.

Various factors contributed to the decrease; however, fiscal years 2006 and 2007 experienced the most significant changes. In these years, revenues decreased 0.3% and 2.7%, respectively, and expenditures increased 4.6% and 8.1%, respectively. In addition, the Board approved percentage increases for teachers greater than 4.00% for each fiscal year from 2005 to 2010 and it approved a 5.23% Package percentage increase for administrators during fiscal year 2010 despite the economic downturn. Also, as previously stated, the amount of salary increase above the allowable growth rate contributed to the decrease in the District's available funds. According to Mr. O'Loughlin, he voluntarily froze his annual salary and has never taken a salary increase. However, he received the increased benefit coverage.

The District has begun to recover, but the cumulative effect of decisions made in prior fiscal years, including Package percentage increases awarded to Central Office staff, administrators and teachers, and the lack of administrative oversight allowing improper uses of District funds is impacting the District's General fund.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the Starmont Community School District to perform bank reconciliations and process receipts, disbursements and payroll. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the District's internal controls.

- A. Segregation of Duties – An important aspect of internal control is the segregation of duties among individuals to prevent one person from handling duties which are incompatible. For example, the person signing checks should be independent of the person handling cash, recording cash receipts, etc. The former Business Manager had control over the following areas:
- 1) Cash – preparing bank reconciliations, collecting, depositing and recording cash collections and approving and processing transfers between the District's bank accounts.
 - 2) Investments – custody and recording.
 - 3) Capital assets – purchasing, recording, reconciling and custody.
 - 4) Receipts – collecting, preparing deposits, reconciling and recording.
 - 5) Disbursements – purchasing and approving, preparing vouchers, signing checks, distributing vendor payments, recording, receiving, maintaining supporting documentation and custody of the District's debit card.
 - 6) Payroll – recording, approving, preparing and distributing.
 - 7) Financial reports – preparing, reconciling and approving.

In addition, bank statements were delivered directly to the Business Manager without any independent review.

Recommendation – We realize segregation of duties is difficult with a limited number of staff. However, the duties listed above should be segregated. In addition, Board Members should review financial records, perform reconciliations and examine supporting documentation for accounting records on a periodic basis. Specifically, the bank statements should be delivered directly to someone without any collection or disbursement responsibilities. The bank statements should be examined for any unusual transactions.

- B. Administrative Oversight – The Board received very limited financial information. In addition, although it inquired about the District's declining financial position, the Board did not appropriately follow up on questions which were not resolved to its satisfaction.

Recommendation – Due to the District's financial condition and because of the Board's fiduciary responsibilities, a healthy level of skepticism should be maintained at all times. Specifically, Board Members should ask explicit questions about the District's finances as frequently as necessary to have a complete understanding of the District's financial condition. Board Members should also follow up on any questions which are not clearly resolved to their satisfaction.

- C. Bank Reconciliations – Although bank reconciliations were prepared by the former Business Manager, the individual components were not verified. Based on our review, we determined the District’s accounting software would force the reconciliation to balance by adjusting the receipts amount. Therefore, accurate bank reconciliations were not being prepared.

Recommendation – The District should implement procedures to ensure accurate bank reconciliations are prepared on a monthly basis.

- D. Journal Entries – The former Business Manager prepared and approved journal entries recorded to the District’s accounting system. These entries were not reviewed prior to being posted to the system and no supporting documentation was maintained.

Recommendation – Journal entries prepared by the Business Manager should be reviewed and approved by an independent person prior to being posted to the District’s accounting system. In addition, supporting documentation should be prepared and maintained for all journal entries recorded.

- E. Change Fund – The former Business Manager had sole control over the District’s petty cash/change fund. An independent person did not reconcile the fund or perform surprise counts of the cash on hand. In addition, according to a representative of the District, an employee was allowed to redeem personal checks from the petty cash/change fund for cash from the petty cash/change fund.

Recommendation – An independent person should perform surprise counts of the petty cash/change fund and reconcile the activity to the District’s accounting records. In addition, the redemption of personal checks from the petty cash/change fund by employees should be prohibited.

- F. Disbursement Listing – The former Business Manager was responsible for preparing the disbursement listing presented to the Board for approval. However, we determined not all disbursements were included on the listing and sufficient detail was not provided to allow for a reasonable review by the Board.

Recommendation – The District should implement procedures to ensure the disbursement listing presented to the Board is complete and detailed sufficiently to allow for a reasonable review by the Board.

- G. District Bank Accounts – We identified over 20 bank accounts held in the name of the District. In addition, we determined 2 different check stocks were used for at least 2 of the bank accounts.

Recommendation – The Board should review the bank accounts held in the name of the District to determine whether all have a legitimate business purpose. In addition, the Board should determine whether it is necessary to maintain 2 different check stocks for 1 bank account.

- H. Supporting Documentation – We identified several instances where the documentation used to support a disbursement was a photocopied invoice, the invoice had been altered or the invoice had been used more than once. In addition, there were several instances where only a purchase order, which had been completed and authorized by the same District employee, was attached. We were unable to verify the authenticity of the administrators’ authorizing signatures in all cases.

Recommendation – The District should implement procedures to ensure all District obligations have sufficient, original supporting documentation. In addition, a person

independent of check preparation and signing should review all supporting documentation and approve the disbursements prior to their distribution.

- I. Travel Reimbursements – We identified several travel reimbursements for District administrators. Supporting documentation was comprised of a “Claim for Reimbursement” form which did not require any itemized detail of travel claimed.

Recommendation – The District should implement procedures to ensure travel reimbursements are sufficiently supported and mileage is itemized to allow for an assessment of reasonableness.

- J. Phase III Payments – We identified Phase III payments which were received by Ms. Vanter, Mr. Stumberg and 6 other District administrators. These payments are not an allowable cost under the program.

Recommendation – The District should consult the Department of Education to determine what actions, if any, need to be taken related to the improper Phase III payments.

- K. Public Purpose – We identified 264 payments for flowers purchased by the District for funerals and to send messages such as get well, congratulations and thank you. The purchases identified total \$16,408.83. These disbursements may not meet the test 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. According to the opinion, it is possible for certain expenses to meet the test of serving a public purpose under certain circumstances, although such expenses 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 Board should review all District disbursements to ensure they meet the test of public purpose. If the Board believes a transaction, or group of transactions, meets the test of public purpose, this should be documented through the Board minutes or approval of a Board policy.

- L. Student Activity Accounts – We reviewed the manual student activity ledgers maintained for the FFA and the Spanish Club and identified several bookkeeping errors which resulted in incorrect accounting information being reported to the sponsor of the club.

Recommendation – The District should implement procedures to ensure student activity accounts are properly maintained and correct balances are reported to the sponsor of the club or sport.

- M. Payroll – We reviewed 87 Proposals, comprised of 6 or 7 amounts prepared by Ms. Vanter, Mr. Stumberg and Mr. O’Loughlin and identified several discrepancies, including:

- 87 instances where an incorrect insurance premium or annuity contribution was listed,
- 52 instances where we were unable to determine the accuracy of the life and/or disability insurance premiums,
- 40 instances where the salary and benefits were not properly totaled,
- 24 instances where an incorrect salary amount was listed and
- 8 instances where the District’s FICA and/or IPERS contributions were not correctly calculated.

We also identified the following concerns with the payroll register:

- 38 instances where an employee received “extra pay”, “hourly pay” or both for which supporting documentation was not maintained,
- 21 instances where an employee received HSA contributions but documentation approving establishment of an HSA could not be found,
- 9 instances where an employee received TSA contributions which did not agree with the approved amount,
- 8 employees for whom the medical insurance premium paid was less than the rate specified for the approved plan and
- 2 employees for whom the TSA contributions and/or medical insurance premiums varied significantly from the amount approved.

In addition, we located a Proposal in Mr. Stumberg’s personnel file which did not agree with the Proposal presented to the Board for approval. The Board meeting minutes use the terms “salary increase” and “package increase” interchangeably, which makes it difficult to determine the Board’s intent. Also, the Board does not formally approve the Proposals as presented or employee contracts. Although employee contracts contain the Board President’s signature, it is applied with a stamp.

We also determined Ms. Vanter and Mr. Stumberg elected to forego certain benefits and receive cash payments or additional wages in lieu of those benefits. No supporting documentation or Board approval could be located for the payments.

Recommendation – The District should implement procedures to ensure Proposals and employment contracts are reviewed and approved by the Board. The Board should determine whether it intends to approve “package increases” or “salary increases” and document the decision in the Board meeting minutes. In addition, if the Board intends to allow certain employees to receive cash payments or additional wages in lieu of certain benefits, Board approval should be documented and appropriate language should be included in the employee contracts.

In addition, the Board President should either manually sign or apply the signature stamp to all employment contracts after they have been reviewed. After employment contracts have been approved, an independent person should enter the new rates to the payroll system and the payroll register should be reviewed and approved each month.

Exhibits

Report on Special Investigation of the
Starmont Community School District

Summary of Findings
For the period July 1, 1993 through November 30, 2010

Description	Exhibit/ Table/Page Number	Improper Amount	Unsupported Amount	Total
Improper and unsupported disbursements:				
Salary and benefits for:				
Vicki Vanter	Exhibit B	\$ 57,990.72	-	
Gary Stumberg	Exhibit C/Table 7	36,700.71	25,475.86	120,167.29
Personal credit card payments:				
Discover	Exhibit D	61,595.84	-	
First National Bank of Omaha	Exhibit E	37,490.79	-	
Retailer's National Bank	Exhibit F	10,986.47	-	
Other personal credit cards	Exhibit G	4,459.47	-	114,532.57
Payments to vendors	Exhibit H	32,932.26	-	32,932.26
Reimbursements and other payments to Vicki Vanter	Exhibit I	16,288.76	-	16,288.76
Reimbursements and other payments to Gary Stumberg	Exhibit J	49,545.86	3,903.14	53,449.00
Payments to Citizens State Bank	Table 9	7,132.00	-	7,132.00
Phase III payments to administrators	Page 30	17,495.35	-	17,495.35 **
Non-sufficient funds charges	Page 30	625.00	-	625.00
Subtotal		333,243.23	29,379.00	362,622.23
Less: Repayment of a Phase III payment from an administrator	Page 29	(500.00)	-	(500.00)
Net		\$ 332,743.23	29,379.00	362,122.23

** - Includes the District's share of FICA and IPERS.

Exhibit BReport on Special Investigation of the
Starmont Community School DistrictSalary and Benefits for Vicki Vanter
For the period July 1, 1993 through November 30, 2010

Description	Fiscal Year 2002**			Fiscal Year 2003		
	Actual	Calculated^	Over/(Under) Payment	Actual	Calculated^	Over/(Under) Payment
Salary:						
Business Manager	\$21,564.85	19,489.87	2,074.98	38,789.54	34,409.50	4,380.04
Co-Food Services Director	-	-	-	-	-	-
	21,564.85	19,489.87	2,074.98	38,789.54	34,409.50	4,380.04
District's share of:						
FICA/IPERS	2,886.68	2,611.64	275.04	5,219.84	4,610.87	608.97
Insurance premiums:						
Medical	5,851.00	5,782.00	69.00	11,400.00	10,296.00	1,104.00
Dental	546.00	546.00	-	936.00	936.00	-
Disability	-	-	-	-	-	-
Life	350.00	350.00	-	600.00	600.00	-
Contributions to:						
HSA	-	-	-	-	-	-
TSA	-	700.00	(700.00)	-	1,200.00	(1,200.00)
Total	\$31,198.53	29,479.51	1,719.02	56,945.38	52,052.37	4,893.01

Report on Special Investigation of the
Starmont Community School District

Salary and Benefits for Vicki Vanter
For the period July 1, 1993 through November 30, 2010

Fiscal Year 2004			Fiscal Year 2005			Fiscal Year 2006		
Actual	Calculated^	Over/(Under) Payment	Actual	Calculated^	Over/(Under) Payment	Actual	Calculated^	Over/(Under) Payment
39,582.08	35,120.50	4,461.58	39,879.07	36,534.50	3,344.57	41,672.10	38,240.50	3,431.60
-	-	-	-	-	-	4,875.00	4,875.00	-
39,582.08	35,120.50	4,461.58	39,879.07	36,534.50	3,344.57	46,547.10	43,115.50	3,431.60
5,326.06	4,706.15	619.91	5,365.83	4,895.62	470.21	6,229.48	5,777.48	452.00
11,328.00	11,328.00	-	12,012.00	12,012.00	-	11,424.00	12,252.00	(828.00)
1,032.00	1,032.00	-	1,032.00	1,032.00	-	1,032.00	1,032.00	-
95.58	95.58	-	120.51	120.51	-	122.34	122.34	-
600.00	600.00	-	440.00	440.00	-	441.00	441.00	-
-	-	-	-	-	-	828.00	-	828.00
-	1,200.00	(1,200.00)	-	1,200.00	(1,200.00)	-	1,300.00	(1,300.00)
<u>57,963.72</u>	<u>54,082.23</u>	<u>3,881.49</u>	<u>58,849.41</u>	<u>56,234.63</u>	<u>2,614.78</u>	<u>66,623.92</u>	<u>64,040.32</u>	<u>2,583.60</u>

Exhibit B

Report on Special Investigation of the
Starmont Community School District

Salary and Benefits for Vicki Vanter
For the period July 1, 1993 through November 30, 2010

Description	Fiscal Year 2007			Fiscal Year 2008		
	Actual	Calculated^	Over/(Under) Payment	Actual	Calculated^	Over/(Under) Payment
Salary:						
Business Manager	43,913.81	39,520.00	4,393.81	46,644.30	40,155.50	6,488.80
Co-Food Services Director	6,788.00	6,788.00	-	7,098.00	7,098.00	-
	50,701.81	46,308.00	4,393.81	53,742.30	47,253.50	6,488.80
District's share of:						
FICA/IPERS	6,823.10	6,205.27	617.83	7,362.68	6,473.73	888.95
Insurance premiums:						
Medical	11,016.00	13,476.00	(2,460.00)	11,460.00	14,280.00	(2,820.00)
Dental	1,032.00	1,032.00	-	1,032.00	1,032.00	-
Disability	123.72	123.72	-	119.70	120.82	(1.12)
Life	522.00	72.00	450.00	601.44	312.00	289.44
Contributions to:						
HSA	2,460.00	-	2,460.00	2,828.00	-	2,828.00
TSA	-	1,500.00	(1,500.00)	-	2,400.00	(2,400.00)
Total	72,678.63	68,716.99	3,961.64	77,146.12	71,872.05	5,274.07

Report on Special Investigation of the
Starmont Community School District

Salary and Benefits for Vicki Vanter
For the period July 1, 1993 through November 30, 2010

Fiscal Year 2009			Fiscal Year 2010		
Actual	Calculated^	Over/(Under) Payment	Actual	Calculated^	Over/(Under) Payment
49,627.83	43,241.00	6,386.83	63,002.11	43,782.00	19,220.11
7,250.00	7,250.00	-	-	-	-
56,877.83	50,491.00	6,386.83	63,002.11	43,782.00	19,220.11
7,688.71	7,068.74	619.97	8,764.51	6,260.83	2,503.68
13,176.00	13,176.00	-	9,537.00	9,537.00	-
1,032.00	1,032.00	-	714.00	1,032.00	(318.00)
125.22	128.95	(3.73)	135.56	130.24	5.32
768.72	322.00	446.72	786.72	336.00	450.72
-	-	-	200.00	-	200.00
-	2,400.00	(2,400.00)	1,400.00	2,400.00	(1,000.00)
<u>79,668.48</u>	<u>74,618.69</u>	<u>5,049.79</u>	<u>84,539.90</u>	<u>63,478.07</u>	<u>21,061.83</u>

Exhibit B

Report on Special Investigation of the
Starmont Community School District

Salary and Benefits for Vicki Vanter
For the period July 1, 1993 through November 30, 2010

Description	Fiscal Year 2011**			Total		
	Actual	Calculated^	Over/(Under) Payment	Actual	Calculated^	Over/(Under) Payment
Salary:						
Business Manager	20,496.36	14,594.00	5,902.36	405,172.05	345,087.37	60,084.68
Co-Food Services Director	-	-	-	26,011.00	26,011.00	-
	20,496.36	14,594.00	5,902.36	431,183.05	371,098.37	60,084.68
District's share of:						
FICA/IPERS	3,033.48	2,130.72	902.76	58,700.37	50,741.05	7,959.32
Insurance premiums:						
Medical	2,148.00	2,148.00	-	99,352.00	104,287.00	(4,935.00)
Dental	152.00	152.00	-	8,540.00	8,858.00	(318.00)
Disability	49.88	47.75	2.13	892.51	889.91	2.60
Life	264.24	120.00	144.24	5,374.12	3,593.00	1,781.12
Contributions to:						
HSA	-	-	-	6,316.00	-	6,316.00
TSA	800.00	800.00	-	2,200.00	15,100.00	(12,900.00)
Total	26,943.96	19,992.47	6,951.49	612,558.05	554,567.33	57,990.72

** - Because the District's payroll system contained data beginning in December 2001, fiscal year 2002 is a partial year. In addition, because Ms. Vanter resigned effective October 26, 2010, fiscal year 2011 is a partial year.

^ - Based on the employment contract and approved Package percentage increase.

**Report on Special Investigation of the
Starmont Community School District**

Exhibit CReport on Special Investigation of the
Starmont Community School DistrictSalary and Benefits for Gary Stumberg
For the period July 1, 1993 through November 30, 2010

Description	Fiscal Year 2002**			Fiscal Year 2003		
	Actual	Calculated^	Over/(Under) Payment	Actual	Calculated^	Over/(Under) Payment
Total gross payroll per payroll register	\$56,983.15			97,953.14		
Less: vacation payout (See Table 7)	3,408.69			3,471.70		
Net amount	53,574.46	48,316.28	5,258.18	94,481.44	84,360.22	10,121.22
District's share of:						
FICA/IPERS~	6,743.77	6,168.13	575.64	11,920.52	10,823.24	1,097.28
Insurance premiums:						
Medical	-	2,254.00	(2,254.00)	-	4,812.00	(4,812.00)
Dental	546.00	546.00	-	936.00	936.00	-
Disability	-	-	-	-	-	-
Life	554.75	554.75	-	1,008.00	1,008.00	-
Contributions to TSA#	-	3,382.14	(3,382.14)	-	5,905.22	(5,905.22)
Total	<u>\$61,418.98</u>	<u>61,221.30</u>	<u>197.68</u>	<u>108,345.96</u>	<u>107,844.68</u>	<u>501.28</u>

Report on Special Investigation of the
Starmont Community School District

Salary and Benefits for Gary Stumberg
For the period July 1, 1993 through November 30, 2010

Fiscal Year 2004			Fiscal Year 2005			Fiscal Year 2006		
Actual	Calculated ^	Over/(Under) Payment	Actual	Calculated ^	Over/(Under) Payment	Actual	Calculated ^	Over/(Under) Payment
102,105.92			105,545.82			116,725.98		
3,580.00			-			3,745.50		
98,525.92	87,262.00	11,263.92	105,545.82	89,449.00	16,096.82	112,980.48	92,867.00	20,113.48
12,474.55	11,195.57	1,278.98	13,038.85	11,535.35	1,503.50	13,716.40	11,717.03	1,999.37
-	5,292.00	(5,292.00)	-	6,036.00	(6,036.00)	-	6,636.00	(6,636.00)
1,032.00	936.00	96.00	946.00	1,032.00	(86.00)	1,032.00	1,032.00	-
253.08	253.08	-	303.60	303.60	-	292.32	292.32	-
1,008.00	1,008.00	-	1,008.00	1,008.00	-	1,008.00	1,008.00	-
-	6,108.34	(6,108.34)	-	7,155.92	(7,155.92)	-	7,429.36	(7,429.36)
<u>113,293.55</u>	<u>112,054.99</u>	<u>1,238.56</u>	<u>120,842.27</u>	<u>116,519.87</u>	<u>4,322.40</u>	<u>129,029.20</u>	<u>120,981.71</u>	<u>8,047.49</u>

Exhibit C

Report on Special Investigation of the
Starmont Community School District

Salary and Benefits for Gary Stumberg
For the period July 1, 1993 through November 30, 2010

Description	Fiscal Year 2007			Fiscal Year 2008		
	Actual	Calculated ^	Over/(Under) Payment	Actual	Calculated ^	Over/(Under) Payment
Total gross payroll per payroll register	117,759.58			128,436.45		
Less vacation payout (See Table 7)	4,053.19			4,206.40		
Net amount	113,706.39	96,240.00	17,466.39	124,230.05	100,791.00	23,439.05
District's share of:						
FICA/IPERS-	14,340.30	12,411.11	1,929.19	17,032.22	14,122.83	2,909.39
Insurance premiums:						
Medical	-	7,632.00	(7,632.00)	4,716.00	4,716.00	-
Dental	1,032.00	1,032.00	-	1,032.00	1,032.00	-
Disability	292.32	292.32	-	286.80	243.04	43.76
Life	1,338.00	1,338.00	-	4,575.00	4,575.00	-
Contributions to TSA	-	7,699.20	(7,699.20)	-	8,063.28	(8,063.28)
Total	130,709.01	126,644.63	4,064.38	151,872.07	133,543.15	18,328.92

** - Because the District's payroll system contained data beginning in December 2001, fiscal year 2002 is a partial year.

^ - Based on the employment contract and approved Package percentage increase.

~ - Actual FICA/IPERS amounts are net of amounts paid by the District for vacation payouts. See **Table 7**. In addition, because Mr. Stumberg earned more than the required wage base for FICA for fiscal years 2002 through 2007, the amount of FICA contributions were properly adjusted each year.

- The District's TSA contributions were included in Mr. Stumberg's gross payroll amount and then disbursed with his employee contributions. As a result, the District incurred both FICA and IPERS on the contributions when only FICA should have been incurred.

Report on Special Investigation of the
Starmont Community School District

Salary and Benefits for Gary Stumberg
For the period July 1, 1993 through November 30, 2010

Total		
Actual	Calculated[^]	Over/(Under) Payment
725,510.04		
22,465.48		
703,044.56	599,285.50	103,759.06
89,266.61	77,973.26	11,293.35
4,716.00	37,378.00	(32,662.00)
6,556.00	6,546.00	10.00
1,428.12	1,384.36	43.76
10,499.75	10,499.75	-
-	45,743.46	(45,743.46)
815,511.04	778,810.33	36,700.71

Exhibit D

Report on Special Investigation of the
Starmont Community School District

Improper Payments Issued to Discover
For the period July 1, 1993 through November 30, 2010

Per Check				
Date	Check Number	Payee	Amount	Description of the Available Supporting Documentation
01/20/97	12329	Discover Card	\$ 889.64	Photocopied School Specialty invoice with 2 highlighted amounts and the handwritten comment stating "Missed these charges according to monthly statement." In addition, per review of the redeemed check, the cancellation contained a credit card account number.
03/19/97	12586	^ Iowa Prison Industries	2,201.10	Photocopied invoice. Found original invoice which had been paid with District check #11226 on June 21, 1996.
04/18/97	12695	^ DRM Computers	810.00	Handwritten invoice from DRM Computer Systems on which the date had been altered. Found original invoice which had been paid with District check #8387 on October 11, 1994.
06/27/97	13083	^ Pioneer Manufacturing Company	395.00	Photocopied invoice with photocopied "PAID" stamp. In addition, the invoice date had been altered from May 1995 to 1997. Found original payment dated June 8, 1995 by District check #9434 for football field paint.
06/27/97	13084	^ McGraw Hill	831.81	Invoice on which the year of the date had been altered.
09/05/97	13428	^ Entre Information Systems	880.00	Purchase order for network cards and ghost software approved by a former administrator. Found original invoice which contained a paid stamp with the date May 13, 1997 and check #12794.
12/11/97	13966	^ The Paper Corporation	900.00	Purchase order authorized by Gary Stumberg to purchase cases of paper. Attached to the purchase order are the bid documents from the local area education agency. The attached supporting documentation does not correlate to the amount of the check.
12/29/97	14005	Discover	1,375.00	Unsigned purchase order payable to Discover Education for registration fees for conference on discipline techniques for 5 teachers at \$275.00 each. In addition, per review of the redeemed check, the payee had been torn out. However, the endorsement showed the check was redeemed by Discover.
02/11/98	14227	Discover	1,114.29	Check stub with no supporting documentation attached. Typed description on check stub states "Annuity payment." In addition, per review of the redeemed check, the cancellation contained a credit card account number.
02/19/98	14245	Discover	775.00	Photocopied Entre Information Systems invoice on which the unit price of 1 of the items ordered is \$775.00.
05/28/98	14703	Discover	2,100.00	Supporting documentation was not readily available.
12/01/98	15763	Discover	750.00	Purchase order completed by Vicki Vanter and authorized by a former administrator payable to Discover Education for registration fees for 3 teachers.
02/22/99	16120	Discover	1,349.00	Purchase order authorized by a former administrator payable to Discover for computer equipment.
03/22/99	16239	Discover	750.00	Purchase order authorized by a former administrator payable to Discover for registration fees for 4 teachers.

Report on Special Investigation of the
Starmont Community School District

Improper Payments Issued to Discover
For the period July 1, 1993 through November 30, 2010

Per Check				
Date	Check Number	Payee	Amount	Description of the Available Supporting Documentation
05/27/99	16559	Discover	500.00	Purchase order completed by Vicki Vanter and authorized by a former administrator payable to Discover Education for 2 sets of instructional materials. In addition, per review of the redeemed check, portions of the check had been torn off.
01/20/00	17756	Discover	3,000.00	Typed purchase order authorized by a former administrator payable to Discover for a 2-day seminar for 6 teachers. In addition, per review of the redeemed check, a portion of the check had been torn off and the cancellation contained the last 12 digits of a credit card account number.
04/28/00	18222	Discover	5,800.00	Per review of the redeemed check, the cancellation contained the last 12 digits of Vicki Vanter's personal Discover credit card account.
06/19/00	18498	Discover	3,500.00	Per review of the redeemed check, the bottom of the check had been torn off.
11/10/00	19354	Discover	2,000.00	Unsigned purchase order payable to Discover for registration fees for 4 teachers at a series of workshops. In addition, per review of the redeemed check, the cancellation contained Vicki Vanter's personal Discover credit card account.
12/01/00	19403	Discover	1,500.00	Unsigned purchase order payable to Discover for registration fees for 3 teachers at a 3-day seminar. In addition, per review of the redeemed check, the cancellation contained a credit card account number.
01/22/01	19651	Discover	1,375.00	Purchase order authorized by a former administrator payable to Discover for pre-registration for 5 teachers at a seminar. In addition, per review of the redeemed check, the bottom of the check had been torn off; however, some handwritten numbers were still visible.
03/26/01	19935	Discover	1,500.00	Purchase order completed by Vicki Vanter and authorized by a former administrator payable to Discover for registration fees for 5 teachers at a 3-day seminar.
05/25/01	20225	Discover	1,600.00	Purchase order authorized by a former administrator payable to Discover Education for registration fees for 4 teachers at a workshop.
06/21/01	20355	Discover	800.00	Purchase order completed by Vicki Vanter and authorized by a former administrator payable to Discover for registration fees for 4 teachers at a special education conference in Des Moines.
01/29/02	21344	Discover	3,500.00	Purchase order completed by Vicki Vanter and authorized by a former administrator payable to Discover Education for registration fees for 10 teachers at a 3-day conference in June. The purchase order is dated February 23, 2002, but the payment was made January 29, 2002.

Exhibit DReport on Special Investigation of the
Starmont Community School DistrictImproper Payments Issued to Discover
For the period July 1, 1993 through November 30, 2010

Per Check				
Date	Check Number	Payee	Amount	Description of the Available Supporting Documentation
04/22/02	21637	Discover	3,800.00	Purchase order was mostly illegible. However, we determined it was payable to Discover Education. In addition, per review of the redeemed check, the cancellation contained Vicki Vanter's personal Discover credit card account.
01/23/04	24497	Discover	2,300.00	Unsigned purchase order completed by Vicki Vanter payable to Discover for registration fees for 5 teachers at a workshop.
03/08/06	28534	Discover	4,050.00	Purchase order completed by Vicki Vanter and authorized by a former administrator payable to Discover Education for registration fees for 9 teachers at special needs students integration or general education classes. In addition, per review of the redeemed check, the last 10 digits of Vicki Vanter's personal Discover credit card account had been handwritten on the face of the check.
03/21/07	30292	Discover	2,625.00	Purchase order completed by Vicki Vanter with Gary Stumberg's initials payable to Discover Education for registration fees for 7 teachers at a 3-day workshop.
11/28/07	31406	Discover	1,875.00	Supporting documentation was not readily available.
12/28/09	33555	Discover	6,750.00	Purchase order authorized by Vicki Vanter and containing Matt O'Loughlin's initials. However, according to Mr. O'Loughlin, it is not his initials and he provided us a District leave request containing his initials. The purchase order was payable to Discover Education for registration fees for 15 teachers at a behavioral problems in students workshop.
Total			<u>\$61,595.84</u>	

^ - Payee was typed over original payee of "Discover" or "Discover Card."

Report on Special Investigation of the
Starmont Community School District

Improper Payments Issued to First National Bank of Omaha
For the period July 1, 1993 through November 30, 2010

Per Check				
Date	Check Number	Payee	Amount	Description of Available Supporting Documentation
03/04/97	12475	^ School Specialty Inc.	\$ 1,164.50	Certain School Specialty, Inc. invoices which appear to belong with the batch paid with District check #11452 on August 13, 1996. The invoices for that check are approximately \$1,000 less than the check total and the dates are correct.
04/18/97	12694	^ McGraw Hill School Systems	565.00	McGraw-Hill School Systems invoice on which the dates had been altered.
06/27/97	13082	^ Entre Information Systems	300.00	Entre Information Systems invoice on which the year of the date had been altered.
11/07/97	13781	^ Apple Computer	1,499.00	Photocopied invoice with no purchase order.
12/11/97	13965	^ Apple Computer	1,199.00	Photocopied invoice with no purchase order. The invoice was the same as provided for District check #13781.
02/11/98	14226	First Bankcard Center	1,114.29	Check stub with no supporting documentation attached. Typed description on check stub states "Annuity payment." In addition, per review of the redeemed check, the cancellation contained the personal account number of Vicki Vanter's daughter's credit card account.
03/25/98	14371	First Bankcard Center	1,699.00	Purchase order totaling \$8,495.00 authorized by a former administrator for computers. Found District check #14408 dated April 14, 1998 which paid for all 5 computers and was redeemed for \$8,495.00.
06/16/98	14833	First Bankcard Center	1,200.00	Purchase order for registration fees for 4 teachers at a seminar.
08/27/98	15226	First Center	1,900.00	Supporting documentation could not be located.
12/01/98	15764	First Bank Center	1,500.00	Per review of the redeemed check, the cancellation contained the personal account number of Vicki Vanter's daughter's credit card account.
03/16/99	16238	First Bank Center	2,500.00	Purchase order for registration fees for 5 teachers at a seminar. In addition, per review of the redeemed check, Vicki Vanter's daughter's personal credit card account was handwritten on the face of the check.
05/27/99	16560	First Center	1,300.00	Purchase order for registration fees for 4 teachers at a conference. In addition, per review of the redeemed check, portions of the check had been torn off; however, a handwritten "66" was visible.
08/27/99	17059	First Bank Center	2,000.00	Purchase order completed by Vicki Vanter and authorized by Gary Stumberg for registration fees for 5 teachers payable to the National Department of Special Education.
03/02/00	17911	First Center	3,600.00	Per review of the redeemed check, the personal credit card account number of Vicki Vanter's daughter was handwritten on the face of the check.
06/19/00	18499	First Center	3,200.00	Supporting documentation could not be located. Per review of the redeemed check, the top left corner had been torn off.
11/21/00	19395	First Center	5,550.00	Purchase order authorized by a former administrator for printers and computer centers.
11/02/01	21019	First USA Bank Center	7,200.00	Purchase order completed by Vicki Vanter and authorized by a former administrator for meeting registration fees.
Total			<u>\$37,490.79</u>	

^ - Payee was typed over original payee of "First Bankcard Center" or "First National Bank."

Exhibit FReport on Special Investigation of the
Starmont Community School DistrictImproper Payments Issued to Retailer's National Bank
For the period July 1, 1993 through November 30, 2010

Date	Check Number	Amount	Description of Available Supporting Documentation
01/10/00	17643	\$ 277.29	Purchase order for printer purchased with retail card. Attached to the purchase order is the payment stub and return envelope from Vicki Vanter's personal Target credit card account.
06/21/00	18526	171.20	*
08/07/00	18703	463.96	#
11/14/00	19321	467.33	#
12/27/00	19511	497.54	#
01/25/01	19670	342.80	#
04/27/01	20090	325.62	#
05/23/01	19944	238.06	#
05/25/01	20230	289.71	#
07/12/01	20490	400.00	#
10/01/01	20892	391.40	#
11/13/01	21108	250.76	#
01/08/02	21257	464.87	*
01/14/02	10124	283.49	*
02/01/02	21356	177.36	*
03/12/02	21499	210.17	*
04/02/02	21541	108.96	*
04/30/02	21648	552.17	*
06/12/02	21794	499.42	*
09/03/03	23810	373.82	#
11/17/03	24244	237.75	*
12/01/03	24271	390.05	*
03/01/04	24627	409.40	#
09/30/04	25604	916.47	*
02/14/05	26272	910.36	Purchase order for classroom supplies apparently authorized by a District administrator. However, according to Matt O'Loughlin, the signature is not authentic.
08/09/05	27066	528.97	*
03/01/06	28460	807.54	Purchase order apparently authorized by a District administrator for supplies/furniture.
Total		<u>\$ 10,986.47</u>	

* - Supporting documentation could not be located or was not readily available.

- Photocopied statement of Vicki Vanter's personal Target credit card account.

Report on Special Investigation of the
Starmont Community School District

Improper Payments Issued to Other Personal Credit Cards
For the period July 1, 1993 through November 30, 2010

Per Check				
Date	Check Number	Payee	Amount	Description of Available Supporting Documentation
12/16/93	3032	Sears	\$ 99.86	Piece of typing paper with handwritten notes regarding the purchase of 4 cartridges at \$21.99 each.
06/22/98	14838	Visa	900.00	Purchase order completed by Vicki Vanter and authorized by Gary Stumberg payable to "VISAL" for registration fees for 4 teachers at a student behavior seminar. In addition, the related check stub contained a handwritten note stating "Need PO Visa."
04/01/99	16268	Visa	800.00	Purchase order for registration fees for 4 teachers at a 3-day conference.
10/06/99	17233	Sears	607.00	Purchase order authorized by Vicki Vanter for filter cartridges for under sink filter systems.
08/07/00	18705	Sears	430.00	Purchase order authorized by Gary Stumberg for under-counter water filtration system and cartridges. Handwritten note on the purchase order states "Must be prepaid."
11/20/00	19363	Sears	990.49	Purchase order with no authorization for a water filtering system, limited warranty and extra filters.
03/20/01	19927	CitiFinancial Retail Services	632.12	A credit card statement with the mailing address of the recipient blanked out.
Total			<u>\$4,459.47</u>	

**Report on Special Investigation of the
Starmont Community School District**

Report on Special Investigation of the
Starmont Community School District

Improper Payment Issued to Vendors
For the period July 1, 1993 through November 30, 2010

Per Check				Amount	Description of Available Supporting Documentation
Date	Check Number	Vendor Name per Redeemed Check	Amount		
05/31/96	11068	Soap Opera Digest	\$ 22.95		Magazine subscription reminder for 1 of Vicki Vanter's daughters.
06/18/96	11192	Grolier Books	25.82		Promotional insert for Mother Goose nursery rhymes addressed to 1 of Vicki Vanter's daughters.
07/30/96	11347	Boardroom Classics	34.72		Photocopied book order invoice with the return envelope covering the mailing address of the recipient.
01/21/97	12342	Tax Hotline	39.00		Magazine subscription stub with Vicki Vanter's personal address crossed out and the District's address penciled in.
04/09/97	12614	Apple Computer Inc (typed over AT&T)	1,500.80		Photocopied invoice with no purchase order and no vendor name. Invoice had photocopied "PAID" stamp and the original red ink "PAID" stamp.
04/21/97	12740	Teacher Tested Innovations (typed over Norwest Financial)	2,210.00		Purchase order only.
05/29/97	12910	Sandy Merritt Teacher Tested Innovations	2,325.00		Typed purchase order authorized by a former administrator for 1st grade kits and 3rd grade kits. Redeemed check was endorsed by KDW Schools Inc. and there is a handwritten note on the check stub stating "W Tuition KDW Property."
06/10/97	12996	Sandy Merritt Teacher Tested Innovations	2,300.00		Purchase order authorized by a former administrator for special education kits for 1st through 4th grades.
12/17/97	13985	U.S. Dept of Education	1,500.00		Unsigned purchase order completed by Vicki Vanter for registration fees payable to Discover Education. The social security number handwritten on the face of the redeemed check is for 1 of Vicki Vanter's daughters.
01/13/98	14102	BMG Music	39.49		Photocopied payment reminder for music ordered.
01/13/98	14103	Columbia House	44.19		Photocopied shipping receipt with return envelope covering the mailing address of the recipient. However, the 4-digit extension of the zip code was visible and indicates the order was shipped to the street on which Vicki Vanter resides.
07/01/98	14923	NEBHELP	6,495.00		Neither the check stub nor an invoice could be located. Found a sticky note on District check # 14921 which stated "14922 14923 7/1/98."
09/28/98	15419	GE Capital	9,404.91		Sticky note with handwritten "To pay car off" and "find copy machine invoice."
03/13/00	18040	Dealer Services	4,523.50		No supporting documentation could be located.
11/14/00	19239	Apple Computer Inc.	1,449.00		No supporting documentation could be located.
08/26/09	33207	Iowa Workforce Development	1,017.88		Penalty for late payment.
Total			<u>\$32,932.26</u>		

Report on Special Investigation of the
Starmont Community School District

Improper Payments Issued to Vicki Vanter
For the period July 1, 1993 through November 30, 2010

Date	Check Number	Amount	Description of Available Supporting Documentation
06/03/92	~ 4979	\$ 900.00	^
11/17/92	~ 5732	450.00	^
01/11/93	~ 5892	450.00	^
03/11/93	~ 6165	700.00	^
04/12/93	~ 6185	450.00	^
07/12/93	6542	450.00	*
08/27/93	2744	27.50	*
11/19/93	7174	300.00	Could only locate carbon copy of check which listed description as Phase III.
05/24/94	7858	450.00	Payment verification form stating "This is to verify that Vicki Vanter has successfully completed the requirements of Bookkeeping/Secy duties on _____ and as such is qualified to receive \$450.00." Signed by both Vicki Vanter and Gary Stumberg.
12/16/94	8838	450.00	*
03/24/95	9158	300.00	*
06/07/95	9359	400.00	*
08/02/95	9585	350.00	*
08/16/95	9743	33.80	*
09/08/95	9778	300.00	*
11/17/95	10238	350.00	*
05/21/96	11050	200.00	Purchase order with Gary Stumberg's authorization for Phase 3 incidental costs for final financial reporting and monthly financial reporting. The purchase order also states there was a payment shortage since Vicki Vanter was paid 2 payments of \$350.00 each which should have been \$450.00 each.
07/01/96	11283	375.00	*
11/06/96	11989	2,012.94	Purchase order with Gary Stumberg's authorization for reimbursement for the Educator Advantage promotion charged to Discover. Attached to the purchase order was an Apple Computer invoice dated November 3, 1995 on which the order number and serial number of the computer had been altered. In addition, Vicki Vanter's Discover card statement was attached on which the previous balance, purchases and new balance had been manually altered.
12/06/96	12123	375.00	*
06/12/97	13035	1,000.00	Purchase order authorized by Vicki Vanter listing Gary Stumberg, Vicki Vanter and 3 other administrators and the amounts to be received for Phase III indirect costs and Goals 2000.
12/03/97	13909	400.00	*
03/31/98	14379	2,362.94	Purchase order with Gary Stumberg's authorization for Educator's Special paid with Discover Card. Attached to the purchase order was the same November 3, 1995 invoice from Apple Computer which was attached to District check #11989.

Report on Special Investigation of the
Starmont Community School District

Improper Payments Issued to Vicki Vanter
For the period July 1, 1993 through November 30, 2010

Date	Check Number	Amount	Description of Available Supporting Documentation
07/01/98	14922	500.00	Handwritten note on a piece of notebook paper listing Gary Stumberg, Vicki Vanter and 2 other administrators and the amount to be received.
04/27/99	16413	667.66	Purchase order with Gary Stumberg's authorization for cash purchases paid with MasterCard. Attached to the purchase order was a receipt from Best Buy on which the customer name had been whited out and Vicki Vanter's name had been handwritten in. Also attached to the purchase order was an Ultimate Electronics invoice on which the date had been altered. Identified check # 16262 issued for \$667.66 on April 1, 1999 which appears to be payment on the original receipt.
06/30/99	10136	500.00	##
05/23/00	12192	375.00	##
07/20/00	18684	13.77	Purchase order completed by Vicki Vanter and authorized by Gary Stumberg for cash purchases. Attached to the purchase order was a receipt from Strawberry Foods and Deli for a deli meal purchased at 5:25pm on a Friday.
11/02/01	21021	298.14	Best Buy receipt on which the name under the credit card number had been whited out. Upon further scrutiny, we determined the name under the white out was the name of a teacher for the District.
11/23/01	15657	375.00	##
07/14/03	23544	105.00	@ Claim for reimbursement listing 3 trips to Cedar Rapids at 140 miles each related to vacuum repair.
03/29/04	24761	109.50	Purchase order apparently signed by the Elementary School Principal; however, according to Matt O'Loughlin and comparison to a purchase order identified by the Elementary School Principal, the signature is not authentic.
05/19/04	24983	40.00	Patient statement from Strawberry Point Medical Center for Vicki Vanter's husband listing a balance forward and tests performed.
03/28/05	26431	50.00	Purchase order completed by Vicki Vanter and authorized by Gary Stumberg for an Oreck vacuum.
Total checks		16,121.25	
Related FICA and IPERS		167.51	
Total		<u>\$16,288.76</u>	

~ - During the review of supporting documentation at the District, we identified 5 checks issued to Ms. Vanter prior to July 1, 1993 for Phase III.

^ - A piece of notebook paper titled "Phase III incidental funds:" which listed Vicki Vanter along with another employee. Vicki Vanter was to receive 5 payments. The first payment was made June 3, 1992. The 2nd, 3rd, 4th and 5th payments were to be made after October 1, 1992, December 1, 1992, January 1, 1993 and March 1, 1993, respectively.

* - Supporting documentation could not be located or was not readily available.

- Because these payments were processed through payroll, the District paid FICA and IPERS contributions in the amount of \$167.51.

@ - Only a portion of the check amount. The remaining portion of the check is considered proper.

Exhibit JReport on Special Investigation of the
Starmont Community School DistrictImproper and Unsupported Payments Issued to Gary Stumberg
For the period July 1, 1993 through November 30, 2010

Date	Check Number	Improper Amount	Unsupported Amount	Total	Description of Available Supporting Documentation
06/15/93	6495	\$ 704.00	-	704.00	Handwritten note on a piece of notebook paper from Gary Stumberg stating "Poll results from admin re: Phase III indirect \$\$" which listed Gary Stumberg and 3 other administrators and indicated the dollar amount and whether the payment was to be treated as payroll or reimbursable expenses.
06/14/94	7964	480.31	-	480.31	Handwritten note on a piece of notebook paper from Gary Stumberg labeled "Phase III Stipend" which listed Gary Stumberg and 3 other administrators and indicated the dollar amount and whether the payment was to be treated as payroll or reimbursable expenses.
06/12/95	9463	492.25	-	492.25	Handwritten note on a piece of notebook paper from Gary Stumberg to Vicki Vanter labeled "Salary Info 95-96" which listed various instructions for his salary, including payment of indirect costs for Phase III which he wanted issued as reimbursable expenses.
05/08/96	10915	450.00	-	450.00	*
05/16/97	12872	260.00	-	260.00	Purchase order authorized by Gary Stumberg for School to Work Planning Grant Expenses of 13 hours at \$20 per hour.
06/12/97	13010	1,000.00	-	1,000.00	Purchase order authorized by Vicki Vanter listing Gary Stumberg, Vicki Vanter and 3 other administrators and the amounts to be received for Phase III indirect costs and Goals 2000.
11/24/97	13894	@ 77.25	-	77.25	Timesheet listing 3 days and a total of 15 hours at \$5.15.
04/24/98	14518	328.00	-	328.00	*
06/04/98	14814	811.00	-	811.00	Handwritten note on a piece of notebook paper listing Gary Stumberg, Vicki Vanter and 2 other administrators and the amount to be received.
11/11/98	15719	56.65	-	56.65	*
05/24/99	16545	928.00	-	928.00	*
06/30/99	10129	500.00	-	500.00	##
06/21/00	18514	1,486.00	-	1,486.00	*
07/21/00	12700	500.00	-	500.00	##
06/06/01	20334	3,118.00	-	3,118.00	Purchase order authorized by Gary Stumberg for medical premium reimbursement expense through Oelwein Community School District.
04/19/02	21630	4,110.00	-	4,110.00	Purchase order authorized by Gary Stumberg for medical insurance expense reimbursement for 2001-2002.
06/09/03	23399	5,653.22	-	5,653.22	*

Report on Special Investigation of the
Starmont Community School District

Improper and Unsupported Payments Issued to Gary Stumberg
For the period July 1, 1993 through November 30, 2010

Date	Check Number	Improper Amount	Unsupported Amount	Total	Description of Available Supporting Documentation
06/01/04	25004	6,140.00	-	6,140.00	Purchase order authorized by Gary Stumberg for health insurance premiums for the difference between the District's annual insurance premium and his wife's employer contribution.
04/20/05	26540	7,316.00	-	7,316.00	Purchase order authorized by Gary Stumberg for medical premium reimbursement for the \$304.83 withheld twice each month from his wife's paycheck for family coverage.
01/30/06	28309	4,812.50	-	4,812.50	Purchase order authorized by Gary Stumberg for 7 months of a health savings account deductible and 7 months of premium reimbursement for his wife.
06/14/06	29026	3,437.50	-	3,437.50	Purchase order authorized by Gary Stumberg to reimburse for his wife's cost of health insurance for 5 months and to reimburse for deductible for 5 months.
06/28/06	29053	-	3,903.14	3,903.14	Purchase order authorized by Gary Stumberg for 10 days of unused vacation at \$390.31 per day.
12/20/06	29918	2,725.59	-	2,725.59	Purchase order authorized by Gary Stumberg for 6 months of health savings account deductible and 6 months of premium reimbursement for his wife.
07/10/07	30746	@ 2,725.59	-	2,725.59	*
12/20/07	31501	650.00	-	650.00	*
04/09/08	31820	650.00	-	650.00	*
Total checks		49,411.86	3,903.14	53,315.00	
Related FICA and IPERS		134.00	-	134.00	
Total		\$49,545.86	3,903.14	53,449.00	

* - Supporting documentation could not be located or was not readily available.

@ - Only a portion of the check amount. The remaining portion of the check is considered proper.

- Because these payments were processed through payroll, the District paid FICA and IPERS contributions of \$134.00.

Report on Special Investigation of the
Starmont Community School District

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Jennifer Campbell, CPA, Manager
Lara K. Van Wyk, Staff Auditor


Tamera S. Kusian, CPA
Deputy Auditor of State

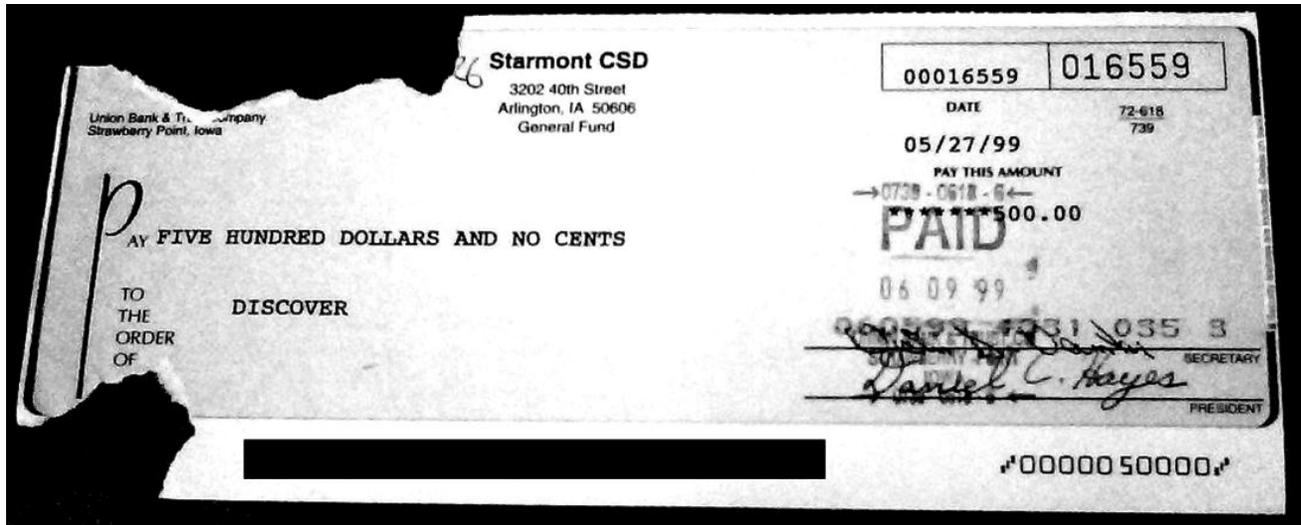
Appendices

Appendix 1

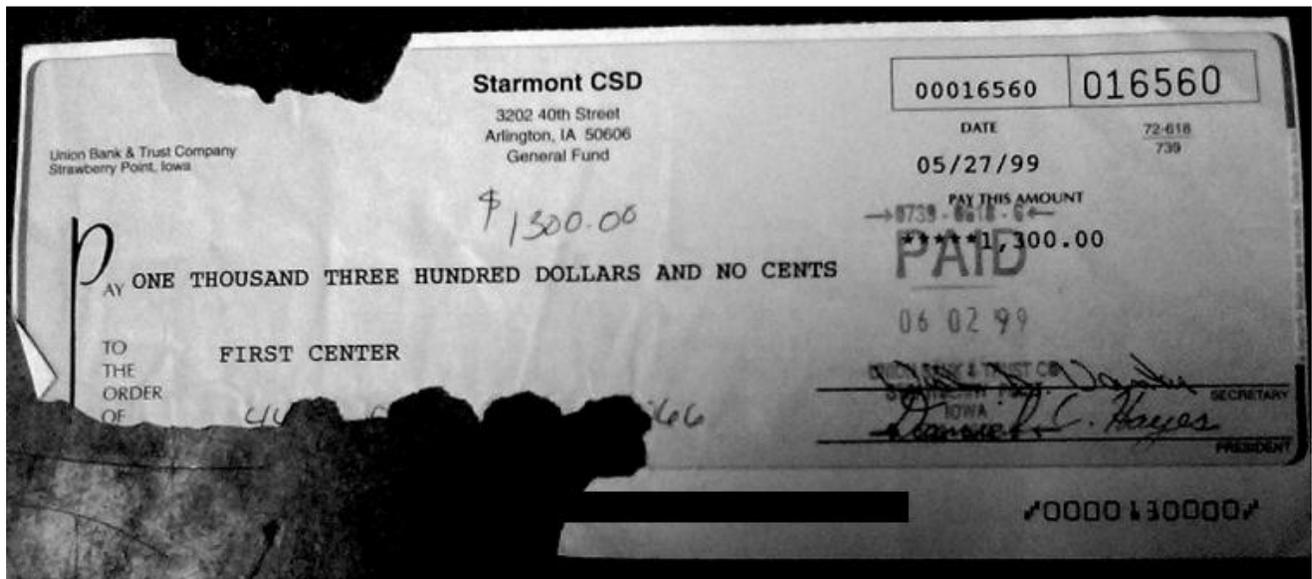
Report on Special Investigation of the
Starmont Community School District

Copies of Torn Redeemed Checks

Along top torn edge is a '26' which
are the last 2 digits of a personal
credit card account.

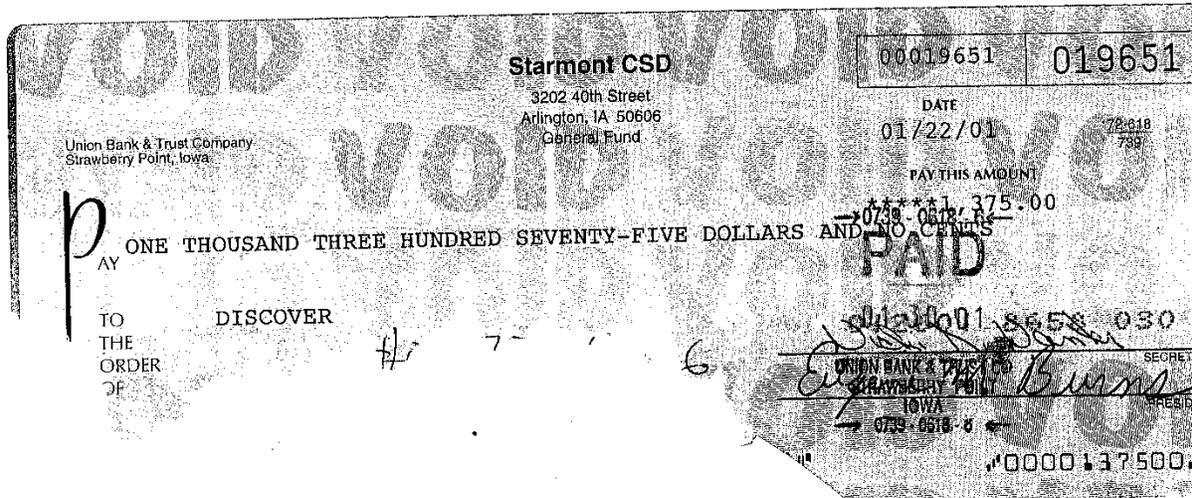


Handwritten numbers visible along
torn edge, including "44" and "66,"
which match the first and last 2
digits of Ms. Vanter's daughter's
account number.



Report on Special Investigation of the
Starmont Community School District

Copies of Torn Redeemed Checks



Bottom portion of check torn off.
Along torn edge are remnants of
handwritten numbers.

Report on Special Investigation of the
Starmont Community School District

Copy of Altered Invoice

Order date has been altered to
January 12, 1997 while the date
listed in the "Terms: Net 15 Days"
field is May 1, 1995.

ORDER ID# 34-0464240
SOLD TO

STARMONT COMM SCH DIST
DEPT OF AUXILIARY SERVICE
PO BOX 40
STRAWBERRY PT. IA 52076

ORIGINAL INVOICE

Pioneer

Randustrial

"Quality Products Since 1905"

4529 Industrial Parkway • Cleveland, Ohio 44135
(216) 671-5500
PHONE TOLL FREE
1-800-877-1500

SHIP TO

STARMONT COMM SCH DIST
3202 40TH ST

ARLINGTON IA 50606

ATTN: LUGHER PUGH

ACCOUNT NO
ST0350

PLEASE ENTER THIS ACCOUNT
NUMBER ON ALL PAYMENTS

ORDER DATE	CUSTOMER ORDER NO.	ROUTING	INVOICE NUMBER		
01/12/97	LUTHER PUGH	HYMAN	F 5004621		
SALESMAN	S54	F.O.B.	TERMS: NET 15 DAYS		
07 DAN SMITH		DEST PPD	MAY 1, 1995		
INVOICE DATE			05/01/97		
ITEM NUMBER	DESCRIPTION	QUANTITY	PRICE	UNIT	AMOUNT
	ATH05 BRITE STRIPE WHITE 5 GL	60	10	7.90 GL	395.00

PAID

THANK YOU FOR YOUR ORDER

MAKE CHECKS PAYABLE TO PIONEER MANUFACTURING COMPANY

395.00	0.00	0.00	0.00	395.00
SUB TOTAL	SALES TAX	FREIGHT	AND MISC.	INVOICE TOTAL

PLEASE RETURN DUPLICATE INVOICE WITH REMITTANCE
NOTE: THE ABOVE LISTED MERCHANDISE HAS BEEN SHIPPED. IF THIS MATERIAL
DOES NOT ARRIVE WITHIN FIFTEEN (15) DAYS OF RECEIPT OF THIS INVOICE OR IS
PRESENTED FOR DELIVERY IN A DAMAGED CONDITION PLEASE NOTIFY US
IMMEDIATELY.



Report on Special Investigation of the
Starmont Community School District

Copy of Falsified Purchase Order

PURCHASE ORDER

STARMONT CSD
3202 40th Street
Arlington, IA 50606
(563) 933-2218

Show this Purchase Order Number
on all correspondence, invoices,
shipping papers and packages.

TO <i>Discover Education</i>	DATE <i>12/28/09</i>	REQUISITION NO. <i>PO 175</i>
	SHIP TO	

REQUISITIONED BY	WHEN SHIP	SHIP VIA	F.O.B. POINT	TERMS	
QTY. ORDERED	QTY. RECEIVED	STOCK NO. / DESCRIPTION		UNIT PRICE	TOTAL
		<i>5th Workshop - Johnson in Problems to Students</i>			
		<i>Material/rag fee / meals included</i>			
<i>6</i>	<i>SE</i>	<i>2/12/09</i>		<i>450.00</i>	<i>2700.00</i>
<i>5</i>	<i>Elem</i>	<i>3/19/09</i>		<i>450.00</i>	<i>2250.00</i>
<i>4</i>	<i>Months</i>	<i>4/1/09</i>		<i>450.00</i>	<i>1800.00</i>
					<i>6750.00</i>

1. Please send _____ copies of your invoice.
2. Order is to be entered in accordance with prices, delivery and specifications shown above.
3. Notify us immediately if you are unable to ship as specified.

AUTHORIZED BY
[Signature]

Report on Special Investigation of the
Starmont Community School District

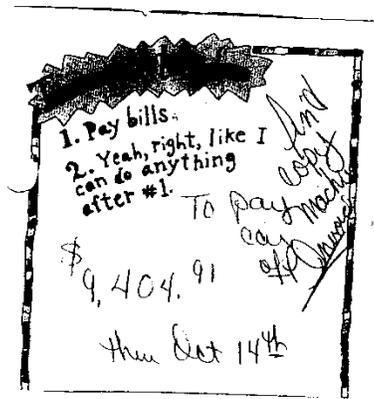
Copies of Torn Redeemed Check and Supporting Documentation

Starfont CSD 3202 40th Street Arlington, IA 50606 General Fund		15419	015419
Union Bank & Trust Company Strawberry Point, Iowa		DATE 9/28/98	72-618 736
PAY THIS AMOUNT 9,404.91			
p AY TO THE ORDER OF	NINE THOUSAND FOUR HUNDRED FOUR DOLLARS AND 91 CENTS		
	326552116 4263000081744 4264 28		
GE CAPITAL CACS	330177899 1980	0708-0218-6	00298
		<i>Marty Ham</i>	SECRETARY
			PRESIDENT
	045		0000940491

Report on Special Investigation of the
Starmont Community School District

Copies of Torn Redeemed Check and Supporting Documentation

Starmont CSD, 3202 40th Street, Arlington, IA 50606 General Fund



15419 9/28/98 GE Capital 9,404.91

Starmont CSD 3202 40th Street Arlington, IA 50606 General Fund		15419 015419
Union Bank & Trust Company Strawberry Point, Iowa		DATE 9/28/98 72,618 739
PAY THIS AMOUNT 9,404.91		
p AY TO THE ORDER OF	NINE THOUSAND FOUR HUNDRED FOUR DOLLARS AND 91 CENTS	
	GE CAPITAL	<i>[Signature]</i> SECRETARY
		<i>[Signature]</i> PRESIDENT

Report on Special Investigation of the
Starmont Community School District

Copy of Purchase Order Containing Traced Signature

STARMONT CSD 300 1/2 BETH STREET ARLINGTON, IA 50606 (319) 930-2218		THIS ORDER MUST APPEAR ON ALL INVOICES SHIPPING PAPERS, PACKAGES, ETC. PO# CHASE ORDER NO. - 737 DATE: 6-1-96 DATE REC: 8-1-96 SHIP VIA: Best way FOB: TERMS: on acct		
TO: <i>Elementary School & Department</i> <i>Emergency Library</i> <i>Barney M. Smith</i> <i>900 Maplewood Drive</i> <i>Clinton Point Iowa 52213</i>		SHIP TO: <i>Starmont Elementary</i> <i>3202 40th Street</i> <i>Clinton Iowa 52006</i>		
QUANTITY	UNIT	DESCRIPTION	UNIT PRICE	TOTAL PRICE
3		K&G Standard Kets	\$425.00	\$1275.00
4		Let Group 3 Standard Kets	\$450.00	1800.00
2		3 1/2" Sing Glass Standard Kets	\$475.00	950.00
as Request - Total T 11-0000 - 1200 - 240 - 4501 - 1411			100.00	\$4025.00
PAID 11/28		AUTHORIZED SIGNATURE <i>Angie Harker</i>		

Report on Special Investigation of the
Starmont Community School District

Copies of Original and Altered Invoice and Supporting
Documentation for a Computer Purchase



Nov 03, 1995

P.O. Box 898, Lakewood, NJ 08701-0898
SALES: 1-800-780-5006
FAX: 1-908-363-8793

STARMONT COMMUNITY SCHOOL
303 PRAIRIE AVE.
STRAWBERRY POINT, IA 52070

Dear Customer:

Thank you for your recent order with Apple Computer Inc. Below is a confirmation of your shipment. This letter, which lists the serial numbers of your products (if applicable), is the proof of purchase you will need to obtain service under Apple's One Year Limited Product Warranty. Please retain this letter for your records.

Your order number is: 3898304
Your purchase order number is:

Qty	Item	Serial Number	Description	* Amount
1	B2604LL/B		PERFORMA 5200 8/800/CD	\$1,899.00
1	M4110LL/A	SS0508UGWSKV	PERFORMA 5200 8/800/CD	\$.00
1	T1789LL/A		Q1 EDUCATOR ADVANTAGE CD COLLE	\$.00
Product Total				\$1,899.00
Postage & Handling				\$.00
Tax				\$113.94
DISC Total \$				\$2,012.94

If you have any questions about your order, please call our toll-free number at 1-800-245-5156.

Sincerely,
Customer Service Department

PAID
NOV 08 1996
CK.# 11989

Report on Special Investigation of the
Starmont Community School District

Copies of Original and Altered Invoice and Supporting
Documentation for a Computer Purchase



Closing Date: October 12, 1996 page 1 of 2

Cashback Bonus® *this period* *to date*
 qualified purchases \$ 0.00 \$ 62.00
 Cashback Bonus award earned 0.00 0.16
 Cashback Bonus anniversary date: February 12

Account Summary

Account number [REDACTED]
 Credit limit \$ 2,400.00
 Credit available \$ 423.00

*Corrected
bill*

previous balance \$ 194.25 ←
 payments and credits - 50.00
 purchases and miscellaneous charges + 2072.99 ←
 cash advances + 0.00
 balance transfers + 0.00
FINANCE CHARGES + 32.24
 new balance = **\$ 1,919.43** ←

To avoid additional finance charges, pay your entire new balance by November 6, 1996.

Transactions

payments and credits

SEPT. 26 PAYMENT - THANK YOU \$ -50.00

Congratulations. Your line of credit has been increased. Your new line of credit and available credit are shown above.

Questions? Call 1-800-DISCOVER (1-800-347-2683). For TDD (Telecommunication Device for the Deaf) assistance, see reverse side.
 Send billing error notice to: Discover Card; P.O. Box 52164; Phoenix, AZ 85072-2164.

	current billing period				previous billing period		
	purchases	cash advances	balance transfers	old balances	purchases	cash advances	balance transfers
average daily balances	\$1,083.90	\$0	\$0	\$897.62	\$0	\$0	\$0
daily periodic rates	.05425%	.05425%	N/A	.05425%	.05425%	N/A	N/A
days in billing period	30	30	30	30	31	31	31
periodic FINANCE CHARGES	\$17.63	\$0	\$0	\$14.61	\$0	\$0	\$0
transaction fee FINANCE CHARGES	none	\$0	none	none	none	none	none
ANNUAL PERCENTAGE RATES	19.80%	19.80%	N/A	19.80%	19.80%	19.80%	N/A

C328526 A7

USE WHERE YOU SEE

7

Report on Special Investigation of the
Starmont Community School District

Copies of Original and Altered Invoice and Supporting
Documentation for a Computer Purchase



Nov 03, 1995

P.O. Box 898, Lakewood, NJ 08701-0898
SALES: 1-800-780-5006
FAX: 1-908-363-8793

STARMONT COMMUNITY SCHOOL
303 PRAIRIE AVE.
STRAWBERRY POINT, IA 52076

Dear Customer:

Thank you for your recent order with Apple Computer Inc. Below is a confirmation of your shipment. This letter, which lists the serial number of your products (if applicable), is the proof of purchase you will need obtain service under Apple's One Year Limited Product Warranty. Please retain this letter for your records.

Your order number is: 3598394
Your purchase order number is:

Qty	Item	Serial Number	Description	* Amount
1	B2604LL/B		PERFORMA 5200 8/800/CD	\$1,899.00
1	M4110LL/A	SS0506UGW5KV	PERFORMA 5200 8/800/CD	\$.00
1	T1789LL/A		G1 EDUCATOR ADVANTAGE CD COLLE	\$.00
Product Total				\$1,899.00
Postage & Handling				\$.00
Tax				\$113.94

VI Total \$				\$2,012.94

If you have any questions about your order, please call our toll-free number at 1-800-245-5156.

Sincerely,

Customer Service Department

Report on Special Investigation of the
Starmont Community School District

Copies of Selected Checks Issued to Gary Stumberg and
Supporting Documentation

<p>STARMONT CSD 3202 40th Street Arlington, IA 50606 (319) 933-2218</p>		<p>THIS NUMBER MUST APPEAR ON ALL INVOICES, SHIPPING PAPERS, PACKAGES, ETC. PURCHASE ORDER NO. 491</p>	
<p>DATE <u>4/19/02</u></p>		<p>DATE REC.</p>	
<p>SHIP VIA</p>		<p>FOB</p>	
<p>TERMS</p>			

TO <u>Gary Stumberg</u>	SHIP TO

QUANTITY	UNIT	DESCRIPTION	UNIT PRICE	TOTAL PRICE
		Reimbursement for Medical Insurance Expense - 2001-02		
				\$4,110.

PAID
APR 19 2002
CK # 21630

AUTHORIZED SIGNATURE Gary Stumberg

Report on Special Investigation of the
Starmont Community School District

Copies of Selected Checks Issued to Gary Stumberg and
Supporting Documentation

Union Bank & Trust Company
Strawberry Point, Iowa

Starmont CSD
3202 40th Street
Arlington, IA 50606
General Fund

00020334 020334

DATE
06/06/01 72-618
739

PAY THIS AMOUNT
*****3,118.00

THREE THOUSAND ONE HUNDRED EIGHTEEN DOLLARS AND NO CENTS

AY
TO THE ORDER OF
GARY STUMBERG

06 07 01

Eugene [Signature] SECRETARY
[Signature] PRESIDENT

⑈020334⑈ [REDACTED] ⑈0000311800⑈

ENDORSE HERE:
Gary Stumberg

DO NOT SIGN / WRITE / STAMP BELOW THIS LINE
FOR FINANCIAL INSTITUTION USAGE ONLY

UNION BANK & TRUST
STRAWBERRY POINT, IOWA
⑈070603⑈



Report on Special Investigation of the
Starmont Community School District

Copies of Selected Checks Issued to Gary Stumberg and
Supporting Documentation

<p>STARMONT CSD 3202 40th Street Arlington, IA 50606 (319) 933-2218</p>		<p>THIS NUMBER MUST APPEAR ON ALL INVOICES, SHIPPING PAPERS, PACKAGES, ETC. PURCHASE ORDER NO. 729</p>	
DATE <i>6/6/01</i>	DATE REQ.	FOB	
SHIP VIA		TERMS	

TO <i>Gary Stumberg</i>	SHIP TO

QUANTITY	UNIT	DESCRIPTION	UNIT PRICE	TOTAL PRICE
		<i>Reimburse for Medical Premium expense through Oatwin C.S.D.</i>		<i>\$3,118.⁰⁰</i>

PAID
JUN 6 2001
CK # *20534*

AUTHORIZED SIGNATURE *Gary Stumberg*

Report on Special Investigation of the
Starmont Community School District

Copies of Selected Checks Issued to Gary Stumberg and
Supporting Documentation

Starmont CSD 5202 40th Street Arlington, IA 50606 General Fund		00029918 DATE 12/20/2006 PAY THIS AMOUNT \$*****2,725.59	029918 72-2119789
Caena State Bank Shawnee Point, IA 50078	BY "TWO THOUSAND SEVEN HUNDRED TWENTY FIVE DOLLARS AND 59 CENTS"		
TO THE ORDER OF	Gary Stumberg	<i>[Signature]</i> PRESIDENT	
[REDACTED]		#0000272559#	
P0077611610 12222006 >0739211904 PI 000000000405916 Citizens State Bank UBB / 09101/54 Monticello, Iowa		0066 26173	
[REDACTED]		[REDACTED]	

Item: 29918 \$2,725.59 [REDACTED]

Report on Special Investigation of the
Starmont Community School District

Copies of Selected Checks Issued to Gary Stumberg and
Supporting Documentation

STARMONT CSD 3202 40th Street Arlington, IA 50606 (563) 933-2218		<small>THIS INFORMATION MUST APPEAR ON ALL INVOICES, ORDER PAPERS, PACKAGES, ETC.</small> PURCHASE ORDER NO. 407 DATE: <u>12/12/06</u> DATE REC: SHIP VIA: _____ PG# TERMS: _____		
TO: <u>Gary Stumberg</u>		SHIP TO: PAID DEC 20 2006 OK # <u>8818</u>		
QUANTITY	UNIT	DESCRIPTION	UNIT PRICE	TOTAL PRICE
		6 mon. HSA Deductible		1,300.
		6 mon. Premium Reimbursement for Spouse		1,425.59
		<i>Total</i>		<u>2,725.59</u>
		AUTHORIZED SIGNATURE: <u>Gary Stumberg</u>		