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NEWS RELEASE

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FOR RELEASE _____ May 3, 2011 12:00 p.m.

Auditor of State David Vaudt today released a report on a special investigation of the City of Adair for the period January 1, 2007 through July 31, 2010. The special investigation was requested by City officials as a result of alleged misappropriations of City funds.

Vaudt reported the special investigation identified \$119,339.71 of improper and unsupported disbursements and undeposited collections. The improper disbursements of \$103,462.59 include \$56,827.08 of payments to vendors such as Beacon Systems and Casey's General Store. The improper disbursements also include payroll checks issued to the former City Clerk, Linda Nichols, and her son, Terry Nichols, who worked for the City's Street Department on an "on-call basis." The improper payroll checks issued to Ms. Nichols and Mr. Nichols total \$8,606.23 and \$31,606.95, respectively. Vaudt also reported \$3,148.47 was improperly paid to Ms. Nichols as a final payout. In addition, improper reimbursements totaling \$2,640.67 and \$633.19 were issued to Ms. Nichols and Mr. Nichols, respectively.

The \$9,082.45 of unsupported disbursements include \$5,373.50 of payments to vendors, including Menards, Orscheln Farm & Home and a business owned and operated by Mr. Nichols. The unsupported disbursements also include reimbursements totaling \$1,245.15 and \$559.41 issued to Mr. Nichols and Ms. Nichols, respectively. Also, unsupported disbursements include \$1,904.39 for checks issued to petty cash.

The \$6,794.67 of undeposited collections include \$2,553.33 of utility billings for Ms. Nichols' personal residence and \$4,241.34 of utility billings for Mr. Nichols' personal residence.

Vaudt also reported it was not possible to determine if additional amounts were improperly disbursed or if collections were not properly deposited because adequate records for receipts and disbursements were not available.

The report includes recommendations to strengthen the City's internal controls and overall operations, such as improving segregation of duties, requiring adequate documentation to support disbursements and reconciling utility billings to collections. In addition, Vaudt recommended all disbursements be approved by the City Council and the City adopt a credit card usage policy.

Copies of the report have been filed with the Adair County Attorney's Office, the Attorney General's Office, the Federal Bureau of Investigation and the Iowa Division of Criminal Investigation. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/reports/1021-0001-TE00.pdf> .

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**REPORT ON SPECIAL INVESTIGATION
OF THE
CITY OF ADAIR
FOR THE PERIOD
JANUARY 1, 2007 THROUGH JULY 31, 2010**

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Auditor of State's Report

To the Honorable Mayor and
Members of the City Council:

As a result of alleged improprieties regarding certain disbursements and at your request, we conducted a special investigation of the City of Adair. We have applied certain tests and procedures to selected financial transactions of the City for the period January 1, 2007 through July 31, 2010. Based on a review of relevant information and discussions with City officials and staff, we performed the following procedures:


- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Reviewed activity in bank accounts held by the City to identify any unusual activity.
- (3) Scanned images of checks from the City's bank account for reasonableness. We examined certain disbursements to determine if they were appropriate, properly approved and supported by adequate documentation.
- (4) Reviewed payments from the City's bank accounts to the former City Clerk, Linda Nichols, and her son, Terry Nichols, who is also a former City employee, to determine if:
 - all payroll disbursements were authorized and supported by timesheets,
 - all payroll transactions recorded in the payroll journal agreed with actual payroll checks distributed and
 - all other payments were properly approved and supported.
- (5) Examined deposits to the City's bank accounts to determine the source, purpose and propriety of each deposit and to determine if deposits were made intact.
- (6) Confirmed payments to the City by the State of Iowa and Adair and Guthrie Counties to determine if they were properly deposited to the City's bank accounts in a timely manner.
- (7) Reviewed the utility system billing and collection records to determine if collections from Ms. Nichols and Mr. Nichols were properly recorded and deposited.
- (8) Reviewed available receipt books to determine if recorded cash collections were properly deposited.
- (9) Examined available documentation for petty cash disbursements to determine if they were for appropriate purposes and were properly supported and approved.
- (10) Obtained and reviewed personal bank statements for accounts held at certain financial institutions by Linda Nichols and Terry Nichols to identify the source of certain deposits. We also reviewed disbursements from the accounts to determine if any payments were made to the City.
- (11) Reviewed available minutes and bill listings to identify significant actions taken by the City Council and to determine if certain payments were properly approved.

These procedures identified \$119,339.71 of improper and unsupported disbursements and undeposited collections. We were unable to determine if additional amounts were improperly disbursed or if collections were not properly deposited because adequate records for receipts and disbursements were not available. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **M** of this report.

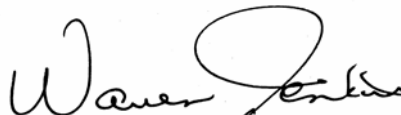
The procedures described above do not constitute an audit of financial statements conducted in accordance with U. S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the City of Adair, other matters might have come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

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

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of the City of Adair during the course of our investigation.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 11, 2011

City of Adair
Investigative Summary

Background Information

The City of Adair is located in Adair and Guthrie Counties and has a population of approximately 780, according to the 2010 census. Linda Nichols became the Adair City Clerk on October 19, 1980. As the City Clerk, she was responsible for:

- 1) Receipts – collecting, posting to the accounting records and preparing and making bank deposits,
- 2) Disbursements – making certain purchases, receiving certain goods and services, presenting proposed disbursements to the City Council, maintaining supporting documentation, preparing, signing and distributing checks and posting to the accounting records,
- 3) Payroll – calculating payroll amounts, preparing, signing, and distributing checks and posting to the accounting records,
- 4) Utility billings – preparing and mailing billings, receipting and depositing collections, posting collections to customer accounts and accounting records and preparing and making bank deposits.
- 5) Bank accounts – reconciling monthly bank statements to accounting records and
- 6) Reporting – preparing City Council minutes and financial reports.

In addition to the City Clerk, the City employs full-time and part-time staff members in the Street and Police Departments. The employees included Ms. Nichols son, Terry Nichols. According to City staff members and officials we spoke with, Mr. Nichols helped in the Street Department as needed. While he did not have specific job duties, he ran the street sweeper and assisted with snow removal. City staff members and officials also stated Mr. Nichols did not have established work hours, but responded to requests for assistance from the Director of the Street Department. He also performed some duties as he deemed necessary, rather than in response to requests for assistance.

The City's primary revenue sources include local option sales tax and road use tax from the State of Iowa and property tax collected by Adair and Guthrie Counties. Revenue is also received from households and businesses in the City for water and sewer services. Collections are to be deposited to the City's checking account.

All City disbursements are to be approved by the City Council at the Council meetings. In addition, all disbursements are to be made by checks signed by the City Clerk and Mayor. However, the City Clerk used rubber stamps to sign the City Clerk's and the Mayor's names.

Monthly statements for the City's bank accounts are mailed directly to City Hall where they are opened by the City Clerk. Bank statements and check images are not periodically reviewed by members of the City Council and bank statements have not been reconciled to the accounting system. In addition, monthly reconciliations between amounts billed, collected and deposited for water and sewer services are not performed.

In July 2010, the Director of the Street Department identified concerns regarding Mr. Nichols' payroll. On July 19, 2010, Mr. Nichols resigned from his position. According to the Mayor, Mr. Nichols continued to visit City Hall on a routine basis after his resignation. He no longer visited after his mother resigned from her position as City Clerk.

Because of the concerns identified, the City Council held a special meeting on July 26, 2010. At the meeting, the City Attorney read a letter from Ms. Nichols which stated she resigned her position effective immediately. The letter was dated July 26, 2010.

The Mayor requested the Office of Auditor of State perform an investigation of the City's financial transactions. As a result, we performed the procedures detailed in the Auditor of State's Report for the period January 1, 2007 through July 31, 2010.

Detailed Findings

These procedures identified \$119,339.71 of improper and unsupported disbursements and undeposited collections. We were unable to determine whether additional amounts were improperly disbursed or if collections were not properly deposited because adequate records for receipts and disbursements were not available.

The \$112,545.04 of improper and unsupported disbursements include:

- \$62,200.58 of improper payments to vendors and \$5,373.50 of unsupported payments to vendors,
- \$31,606.95 of improper payroll checks issued to Mr. Nichols,
- \$8,606.23 of unauthorized payroll checks issued to Ms. Nichols and \$3,148.47 paid to her as a final payout and
- \$1,904.39 of unsupported checks issued for petty cash.

In addition, we identified \$6,794.67 of unpaid utility bills for Ms. Nichols' and Mr. Nichols' personal residences.

IMPROPER DISBURSEMENTS

According to the Mayor, payment of City obligations should have been made with a check and City business should not have been conducted in cash. We reviewed bank statement activity for the City's checking account for the period January 1, 2007 through July 31, 2010 and identified a number of unusual disbursements.

Supporting documentation was not available for all disbursements from the City's bank accounts. As a result, we discussed the disbursements which were unusual in nature with City officials to determine if they were appropriate. When possible, we also obtained invoices, receipts or other supporting documentation directly from the vendors to whom payments were made.

According to a City official we spoke with, Ms. Nichols prepared a listing of bills to be approved by the City Council at its monthly meetings. However, she did not provide the invoices or supporting documentation along with the listings. We were unable to locate the approved bill listings in the City's records.

The improper and unsupported disbursements identified are explained in more detail in the following sections of this report.

Payments to Vendors – During our review of the City's bank statements, we identified payments to certain vendors for which the purchases may have been for personal uses or for City operations. These vendors are discussed in further detail in the following paragraphs.

- **T A Graffix** – According to City employees we spoke with, Mr. Nichols owns and operates T A Graffix, a business which produces signs, decals and prints customized clothing. We identified 18 disbursements from the City's checking account to T A Graffix. The payments total \$4,422.00 and are listed in **Exhibit B**.

As illustrated in the **Exhibit**, invoices were located for 7 of the 18 disbursements to T A Graffix. The 7 invoices total \$1,930.00 and include items such as shirts, letter decal for City vehicles, City street signs and installation of signs. We discussed the 7 invoices with a Council member and a City employee to determine the propriety of the goods and/or service received. The Council member and City employee confirmed these goods and/or services were received.

Supporting documentation was not available for the remaining 11 disbursements which total \$2,492.00. We discussed the payments with City personnel. However, because we were unable to identify the goods and/or services provided for the payments, City personnel were unable to determine the propriety of the payments. Because we are unable to determine if the payments were for goods or services received by the City, they have been classified as unsupported in **Exhibit B** and are included in **Exhibit A**.

- Beacon Systems – Beacon Systems sells graphic design supplies and is located in New Jersey. We identified 23 payments to Beacon Systems which total \$27,475.41. Of the 23 payments, 12 were supported by invoices located in the City's records. We obtained supporting documentation for the remaining 11 payments from the vendor. We also discussed each purchase with a City representative. City representatives stated the items purchased from Beacon Systems would not be used or purchased by the City.

Exhibit C lists the 23 payments identified and a description of each purchase. As illustrated in the **Exhibit**, items purchased include paint, tape, transfer solution, knifeblade carbonite fine tip and mirror lens. These items are frequently used by graphic design businesses. We are unable to determine if the supplies purchased from Beacon Graphics were used by Mr. Nichols to create signs or shirts for the City.

Appendix 1 includes a copy of an invoice located in the City's records. The invoice is dated September 23, 2008 and totals \$1,527.30. The **Appendix** also includes a copy of a \$2,330.50 invoice dated February 9, 2009 obtained directly from the vendor. As illustrated by the **Appendix**, the top and bottom left corner portions of the invoice located in the City's records do not match the invoice obtained directly from the vendor. Parts of the invoice appear to have been whited-out. The top portion which was removed included the word "Graphics", the vendor's website address and a description of the supplies sold by the vendor. In addition, it appears the name of the individual placing the order and a portion of the shipping information were whited-out. It appears each of the 12 Beacon Systems' invoices located in the City's records had a portion of the document whited-out.

During an interview with a law enforcement officer, Ms. Nichols stated materials for signs and decals for City shirts were ordered from Beacon Systems by different City staff members, including herself, Mr. Nichols and the Director of the Street Department. The Director of the Street Department stated he did not order anything for the City from Beacon Systems. Mrs. Nichols also stated the material was shipped to City Hall or Mr. Nichols' personal residence. According to Ms. Nichols, the materials were often shipped to Mr. Nichols' personal residence to save time transporting the items from City Hall to his personal residence.

During the interview, Ms. Nichols also stated she was not sure why parts of invoices were whited-out and she did not do it. When asked if she or Mr. Nichols ever ordered items from Beacon for their personal use, she stated they did not. She also stated Mr. Nichols may have used leftover items for personal use, but never ordered items solely for personal use.

According to a City official we spoke with, there would be no reason the City would purchase the items from Beacon Systems.

The \$27,475.41 of purchases listed in **Exhibit C** have been classified as improper disbursements and this amount is included in **Exhibit A**.

- Nichols for Cars – According to City personnel we spoke with, Mr. Nichols also owned and operated a used car business known as Nichols for Cars. As a result, we reviewed all disbursements issued to Nichols for Cars for the period of January 1, 2007 through July 31, 2010 and identified 10 disbursements which total \$5,804.16. **Table 1** lists the disbursements identified.

Table 1

Check Date	Check Number	Invoice Description	Amount
07/03/07	37155	<i>Invoice not available</i>	\$ 541.16
09/18/07	37409	<i>Invoice not available</i>	125.00
09/09/08	38613	2 tires for Dodge	250.00
10/01/08	38690	2 tires for truck	250.00
12/05/08	38955	4 245-7516 tires	360.00
02/02/09	39161	<i>Invoice not available</i>	200.00
02/19/09	39234	<i>Invoice not available</i>	1,100.00
06/10/09	39614	<i>Invoice not available</i>	1,978.00
09/14/09	39975	<i>Invoice not available</i>	350.00
01/26/10	40458	<i>Invoice not available</i>	650.00
Total			<u>\$ 5,804.16</u>

As illustrated by the **Table**, invoices were available for just 3 of the 10 disbursements. The **Table** also illustrates the 3 invoices were for tires from Nichols for Cars. However, according to a City employee, the City does not purchase tires from Nichols for Cars.

During the interview with a law enforcement officer, Mr. Nichols stated he did not know the City wrote any checks to Nichols for Cars and he never sold the City tires or did any repair work on City vehicles. In addition, Mr. Nichols stated he uses a local mechanic to repair or work on his personal or business vehicles.

We reviewed the endorsements on the back of the 10 checks issued to Nichols for Cars and determined 8 of the 10 endorsements contained Mr. Nichols' name and the remaining 2 had the endorsement of Nichols for Cars. Copies of selected checks are included in **Appendix 2**.

The \$5,804.16 paid to Nichols for Cars is classified as improper and included in **Exhibit A**.

- Casey's General Store – During our review of the City's disbursements, we identified monthly payments to Casey's General Store (Casey's). The monthly payments were for fuel purchases made with the 7 Casey's credit cards held by various City employees.

According to documentation we obtained from Casey's, a credit card was assigned to Ms. Nichols from August 28, 1989 until July 20, 2010. In addition, a Casey's credit card was assigned to Mr. Nichols from February 27, 2009 to July 20, 2010. Ms. Nichols did not have a City vehicle and requested mileage reimbursements when she traveled for the City. In addition, each City employee who purchased fuel had a Casey's credit card assigned to them. As a result, it was not necessary for a Casey's credit card to be assigned to Ms. Nichols.

Also, as previously stated, Mr. Nichols was a part-time employee responsible for operating the street sweeper and snow plow, as needed. According to a City employee we spoke with, the street sweeper and snow plow use diesel fuel. However, diesel fuel is

not purchased at Casey's. Instead, the City maintains a supply of diesel fuel at the shop. In addition, Mr. Nichols was not assigned a City vehicle. As a result, it is not clear why he would need to purchase fuel at Casey's.

Because the City's records did not include invoices for individual purchases, we reviewed information obtained from Casey's for each purchase. During our review of the activity, we identified a number of fuel purchases made with the credit cards assigned to Ms. Nichols and Mr. Nichols. **Exhibit D** lists the purchases identified for the period July 1, 2008 through July 31, 2010. Because account information for activity prior to late June 2008 was not available from Casey's, we were not able to review credit card activity for this period. As illustrated by the **Exhibit**, the credit cards assigned to Ms. Nichols and Mr. Nichols were used for purchases which total \$13,649.89.

Also as illustrated by **Exhibit D**, the credit card assigned to Ms. Nichols was used to purchase fuel from June 29, 2008 through March 9, 2009. The **Exhibit** also illustrates the credit card assigned to Mr. Nichols was used to purchase fuel from March 11, 2009 through July 18, 2010, a week prior to Mr. Nichols' resignation. It appears Mr. Nichols used the credit card assigned to his mother prior to receiving a credit card issued in his own name. The **Exhibit** illustrates the only additional purchase made with the credit card assigned to Ms. Nichols was made on December 28, 2009. According to the documentation received from Casey's, the \$42.77 purchase was not for fuel, but additional information about the purchase was not available. However, during an interview with a law enforcement officer, Ms. Nichols stated the Casey's credit card was also used to purchase a carton of cigarettes for a City employee as a get-well gift after his hospitalization. We confirmed the employee received a carton of cigarettes. Because the purchase of a carton of cigarettes is not an appropriate use of City funds, the purchase is classified as an improper disbursement in **Exhibit D**.

Exhibit D also illustrates a number of purchases were made each month with the credit cards assigned to Ms. Nichols and Mr. Nichols. **Table 2** summarizes the amount of activity on both of the cards by month.

Table 2					
Month	Number of Purchases	Amount	Month	Number of Purchases	Amount
July 2008*	16	\$ 806.69	Aug. 2009	18	511.75
Aug. 2008	19	894.57	Sept. 2009	22	555.87
Sept. 2008	23	1,077.14	Oct. 2009	17	544.91
Oct. 2008	22	770.14	Nov. 2009	15	434.75
Nov. 2008	14	399.60	Dec. 2009	17	572.37
Dec. 2008	16	344.12	Jan. 2010	16	490.98
Jan. 2009	18	402.43	Feb. 2010	16	536.62
Feb. 2009	21	534.01	March 2010	21	611.96
March 2009	18	356.06	April 2010	13	449.57
April 2009	15	307.17	May 2010	18	762.95
May 2009	18	463.74	June 2010	15	574.91
June 2009	11	367.31	July 2010^	13	428.95
July 2009	16	451.32	Total	428	\$ 13,649.89

* - Includes a purchase made on June 29, 2008.

^ - Through July 18, 2010.

As illustrated by the **Table**, the credit cards assigned to Ms. Nichols and Mr. Nichols were used frequently. In addition, the average cost of each transaction charged to the 2 cards totaled \$31.89. Because other City employees fueled the City vehicles assigned to

them using other Casey's credit cards, City officials and staff members we spoke with were unable to provide an explanation for the amount of purchases with the credit cards assigned to Ms. Nichols and Mr. Nichols. However, as stated previously, according to City officials and staff members, Mr. Nichols owned and operated a used vehicle business known as Nichols for Cars.

We reviewed the purchases charged to the credit cards and identified 10 purchases in cities other than Adair. Of the 10 purchases, 5 were made with credit cards assigned to individuals who periodically purchased supplies for the City from vendors outside the City. Of the remaining 5 purchases, 4 were charged to the credit card assigned to Ms. Nichols and 1 was charged to the credit card assigned to Mr. Nichols. The purchases are listed in **Table 3**.

Table 3		
Date	City	Amount
10/20/08	Atlantic, IA	\$ 50.00
10/30/08	Council Bluffs, IA	15.00
02/05/09	Waukee, IA	15.00
02/26/09	Waukee, IA	29.40
05/02/09*	Waukee, IA	25.00
Total		<u>\$ 134.40</u>

* - Purchase made with the credit card assigned to Mr. Nichols

In October 2010, a law enforcement officer held an interview with Mr. Nichols. During the interview, Mr. Nichols stated he did not have a Casey's credit card in his name and would not have used another employee's credit card to purchase fuel for his personal benefit. However, the documentation we received from Casey's shows Mr. Nichols was the cardholder for a specific credit card on the City's account. Mr. Nichols also told the law enforcement officer he did not recall ever using a Casey's credit card given to him by Ms. Nichols.

During an interview with a law enforcement officer, Ms. Nichols stated the City did not have a policy for use of the credit cards, but it was understood they were not to be used for personal purposes. She was not able to provide an explanation regarding the number of charges on the credit cards assigned to her and Mr. Nichols. In addition, she was not able to explain why multiple charges occurred on her credit card on the same day.

Because Ms. Nichols and Mr. Nichols were not responsible for fueling any City vehicles, the \$13,649.89 of purchases made with the credit cards assigned to them is classified as improper and is included in **Exhibit A**.

- **Auto Splash** – City personnel we spoke with also expressed concerns regarding the amount spent at Auto Splash for car washes. As a result, we reviewed all disbursements issued to Auto Splash, the local car wash vendor, to determine if the number of car washes paid for appeared reasonable. From May 6, 2008 through August 7, 2010, the City paid \$3,403.50 to Auto Splash. We did not identify any payments to Auto Splash prior to May 2008.

The payments were for car washes purchased with credit cards issued to the City by Auto Splash. According to City staff members we spoke with, the credit cards were not assigned to individual employees and it is not known who held the credit cards. In addition, the location of all credit cards at the time Ms. Nichols and Mr. Nichols resigned was not known. As a result, all existing credit cards were cancelled on

August 11, 2010 and new credit cards were issued to the City. The new credit cards were assigned to specific City employees.

Because detailed invoices were not available from the City, we obtained a detailed listing of car washes purchased between April 7, 2008 and September 12, 2010 using the credit cards issued to the City from Auto Splash. **Table 4** summarizes the purchases made with the credit cards which were active until August 11, 2010.

Table 4			
Card Number	Cost		Total
	Automatic Wash Bay	Self-Serve Wash Bays	
XXXX1016	\$ 1,976.00	176.00	2,152.00
XXXX1017	18.00	318.00	336.00
XXXX1018	16.00	241.50	257.50
XXXX1019	-	297.00	297.00
XXXX1020	80.00	-	80.00
Total	\$ 2,090.00	1,032.50	3,122.50

As illustrated by the **Table**, most of the car washes were purchased with the credit card ending in number 1016 and most of the purchases made with this credit card were for automatic car washes. In addition, the credit card ending in number 1020 was used only for automatic car washes. According to City representatives we spoke with, City vehicles cannot be washed in the automatic bay because the light and siren bars on all the vehicles would be damaged. As a result, City vehicles are washed in the self-serve wash bays.

Exhibit E lists each automatic car wash purchased prior to August 11, 2010 with the credit cards issued to the City. As illustrated in the **Exhibit**, there were 269 automatic car wash transactions. Of the 269 transactions, 89 occurred on a Saturday or a Sunday. We also identified transactions which occurred within 30 minutes of each other. For example, on July 19, 2008, automatic car washes were charged to the credit card ending with the number 1016 at 7:30 a.m., 7:42 a.m. and 7:53 a.m.

Because the City's vehicles cannot go through the automatic car wash without damage and based on the dates and the frequency of the car washes, it appears the City's credit cards may have been used to wash personal vehicles.

According to an interview with a law enforcement officer, Ms. Nichols stated she had no reason to use the car wash because she did not have a City vehicle to maintain. In addition, Ms. Nichols stated Mr. Nichols may have used the car wash on occasion to wash a City truck, but that would have been rare. According to a City representative, Mr. Nichols would not have had a reason to wash a City vehicle because a vehicle was not assigned to him.

Also during an interview with a law enforcement officer, Mr. Nichols stated he did not know the City had a car wash credit card to use. In addition, Mr. Nichols stated he took his personal vehicles to Auto Splash, but those car washes were not charged to the City's account. As previously stated, Mr. Nichols owned and operated a used car business.

Because the City's vehicles cannot go through the automatic car wash without damage, we have classified the cost of all automatic car washes as improper disbursements. In addition, because sufficient information is not available, we are unable to determine

with certainty all of the car washes performed in the self service wash bays were only for City vehicles. As a result, we have not identified these car washes as improper disbursements. The \$2,090.00 paid for the automatic car washes is included as improper disbursements in **Exhibit A**.

- Northern Tool and Equipment – City personnel expressed concerns regarding purchases from Northern Tool and Equipment. During an interview with a law enforcement officer, a City representative stated some items purchased from Northern Tool and Equipment appeared to be related to construction projects and not related to City operations. As a result, we reviewed all payments to Northern Tool and Equipment for the period January 1, 2007 through July 31, 2010.

We identified 15 payments to Northern Tool and Equipment which total \$4,783.75. We were unable to locate supporting documentation for each disbursement at the City. However, we obtained copies of invoices directly from the vendor. **Exhibit F** lists the 15 transactions and the items purchased for each transaction. We also discussed each purchase with a City representative to determine if the items purchased were for City operations. Based on our discussions and review of the invoices, we identified improper purchases between January 1, 2007 and July 31, 2010 which total \$4,650.80.

As illustrated by **Exhibit F**, 8 of the invoices document the items were purchased by or shipped to Terry or Linda Nichols. The **Exhibit** also illustrates the improper purchases identified include, but are not limited to, items such as sockets, 12 volt power unit, jack, impact wrench, garage heater, compressor and cordless wrench. According to a City representative, the improper purchases would not be used in the City shop. We were unable to locate the items in the City shop.

Also as illustrated by **Exhibit F**, 2 payments to Northern Tool and Equipment included items appropriate for City operations. Specifically, the 2 purchases included safety vests and a hose. The items purchased which are appropriate for City use totaled \$132.95. Both transactions also included items which were not appropriate for the City.

The \$4,650.80 of improper disbursements identified is included in **Exhibit A**.

- Orscheln Farm & Home – Orscheln Farm & Home (Orscheln) is a retail establishment with product lines which include clothing, automotive supplies, animal care, tools and power equipment, home improvement products and hardware. A City representative we spoke with expressed concerns regarding purchases from this vendor which were paid for by the City. The City had credit cards issued by the vendor which were available for City employees' use when purchasing products for the City. According to City personnel we spoke with, 2 credit cards were held by employees in the Street Department. We were unable to determine if other credit cards were issued for the City's account. As the City Clerk, Ms. Nichols was responsible for paying the monthly statement submitted to the City by Orscheln.

During our review of the City's bank statements, we identified 22 payments to Orscheln. We reviewed the disbursements identified to determine if supporting documentation was available and to determine the propriety of the purchases from the vendor. Because we were unable to locate monthly billings for each payment to Orscheln and the related receipts, we contacted the vendor to obtain copies of certain monthly billings and credit card receipts. A representative of Orscheln was able to provide the monthly billing statements, but copies of individual receipts could not be provided. For the receipts available, we discussed the items purchased with a City representative to determine if they were reasonable for the City's operations.

Exhibit G lists the 22 payments identified for the period January 1, 2007 through July 31, 2010 and the items listed on the related receipt(s), if available. As illustrated by the **Exhibit**, we classified the purchases from Orscheln as reasonable for the City's operations, improper or unsupported. The purchases identified as reasonable for the City's operations include oil, lawn supplies and clothing. According to the City's personnel policy, each employee of the Street and Utilities Departments is provided a clothing allowance of up to \$6.00 per week, or \$312.00 annually. According to City personnel we spoke with, the clothing purchased from Orscheln was for the clothing allowed by the policy. We did not identify any purchases or reimbursements which exceeded the annual allowance amount.

The purchases classified as improper include animal traps, automotive supplies and a cordless impact drill driver. As illustrated by the **Exhibit**, each receipt included a signature of the individual who made the purchase. Mr. Nichols signed 13 of the 20 available receipts. However, according to a City representative we spoke with, Mr. Nichols was not responsible for purchasing items for the City, such as oil and shop towels, because the City's 2 full-time Street Department employees were responsible for purchasing items of this nature. As a result, these purchases are classified as improper disbursements. During an interview conducted with a law enforcement officer, Mr. Nichols stated he never made charges at Orscheln for personal items. The improper disbursements also include sales tax. The \$2,097.93 of improper disbursements listed in **Exhibit G** are included in **Exhibit A**.

The unsupported disbursements identified include 6 payments for which the receipts were not available. Because we were unable to identify the products purchased, we are unable to determine if they were for City operations or were personal in nature. The 6 payments total \$821.56. They are listed in **Exhibit G** and included in **Exhibit A**.

- Menards – During our review of the City's bank statements, we identified a number of payments for purchases at Menards. The checks were issued to Menards, Menards/Green Tree and HSBC Retail Services and are listed in **Exhibit H**. Except for 2 of the payments, receipts or invoices could not be located in the City's records. In addition, receipts could not be obtained from the vendor.

As illustrated by the **Exhibit**, check number 37625 was issued to Menard's on November 16, 2007 for \$285.69. The check was handwritten and includes a notation of the name and driver's license number of a City employee. As a result, it appears the check was prepared in the store for a purchase made on November 16, 2007. We were unable to locate a receipt for the purchase. As a result, it has been classified as an unsupported disbursement.

The **Exhibit** also includes 11 checks issued to Menards\Green Tree. None of the 11 checks were handwritten and only 1 was supported by a receipt. The receipt includes 2 hoses and a pump saver. According to a City employee we spoke with, the \$44.40 purchase was for City operations. As a result, it is classified as a reasonable disbursement. Because receipts are not available for the remaining 10 disbursements, we were unable to determine if the disbursements were for City operations or personal in nature. As a result, they have been classified as unsupported in **Exhibit H** and included in **Exhibit A**.

Exhibit H also includes a payment to HSBC Retail Services for a purchase charged to the City's Menard's account. According to City personnel we spoke with, 2 Street Department employees, Ms. Nichols and Mr. Nichols were all authorized to charge purchases for the City to the City's account. A City official we spoke with stated he didn't know why Ms. Nichols and Mr. Nichols were authorized because they were not responsible for making purchases for the City. The charge account was used to purchase a number of items on October 15, 2009, including treated lumber, joist

hangers, nails, a pry bar and soda. According to a City representative we spoke with, the items purchased were not for City operations. The City representative also stated Mr. Nichols built a deck at his residence around the time of the purchase. The items purchased on October 15, 2009 would be appropriate for constructing a deck. Because the \$574.04 purchase was not for City operations, it has been classified as an improper disbursement in **Exhibit H** and included in **Exhibit A**.

- True Value Hardware – During our review of the City’s bank statements, we identified a \$346.99 payment to True Value Hardware on October 6, 2008. According to the receipt for the payment which was located in the City’s records, an 18V Impact Wrench Kit was purchased. Ms. Nichols signed the invoice and coded it to the Water Department. However, according to a City representative we spoke with, neither the Water Department nor the City Shop have an Impact Wrench Kit. As a result, we have classified the payment to True Value Hardware as improper. The improper disbursement of \$346.99 is included in **Exhibit A**.
- S and S – During our review of disbursements from the City’s checking account, we identified a \$137.86 payment to S and S. The check was dated April 7, 2008. City personnel we spoke with were not familiar with the vendor and we were unable to locate supporting documentation for the payment in the City’s records.

Information on the back of the redeemed check to S and S included the notation “S&S Worldwide” and the name of a bank with branches in states on the East Coast of the United States. We performed an internet search and identified a company named S&S Worldwide which is located in Connecticut. The vendor sells children’s arts and craft supplies, physical education equipment, educational games and toys and party supplies.

We asked City representatives if the City provides any Parks and Recreation programs or any other types of programs which require supplies of this nature. The City representatives stated the City does not provide programs requiring these products and they were unable to determine why a purchase would be made from the vendor. As a result, we have classified the \$137.86 payment as an improper disbursement and it is included in **Exhibit A**.

Payroll Checks – We also reviewed payroll checks issued to City employees to determine if they appeared appropriate in amount and frequency. As previously stated, Ms. Nichols handled all responsibilities for payroll distribution, including calculating payroll amounts, preparing, signing and distributing checks and posting to the accounting records.

According to the City’s personnel policy, City employees were to be paid on a weekly basis with each pay period beginning on Wednesday and ending the following Tuesday. Payroll checks were typically distributed the day after the pay period ended. All City employees were to complete timecards which were to be submitted to Ms. Nichols at the end of the pay period and maintained in the City Clerk’s office after the payroll was prepared. According to City officials, a number of timecards were apparently discarded after Ms. Nichols’ resignation. The specific circumstances of how the timecards were discarded are not clear. As a result, the timecards were not available for our review.

Based on our review of payroll checks, it appears most City employees were paid a relatively consistent amount each week. We identified certain checks issued to Mr. Nichols and Ms. Nichols which appear to be payroll checks. However, the checks were in addition to the weekly payroll checks issued to them. We also identified other concerns with checks issued to Mr. Nichols. A detailed explanation of our findings regarding payroll checks follows.

Terry Nichols – During an interview with a law enforcement officer, Mr. Nichols stated he worked for the City off and on since he was 14. As previously stated, he resigned on July 19, 2010. He was 30 years old when he resigned. He was not a full-time employee.

According to the City's personnel policy, a regular part-time employee works an average of 20 to 36 hours per week for 37 or more consecutive weeks per year on a regular monthly work schedule. Mr. Nichols did not have an expected number of hours to work per week. Instead, he was to work as requested by the Director of the Street Department. The current Director of the Street Department estimated he requested Mr. Nichols' assistance an average of 5 to 10 hours per week. The current Director began employment with the City in August 2008. He also stated the previous Director requested Mr. Nichols' assistance more frequently.

We spoke with the previous Director who stated he requested Mr. Nichols' assistance an average of 15 to 20 hours per week during the summer and an average of 10 to 15 hours per week during the winter. However, according to the previous Director, Mr. Nichols worked more hours during the winter of 2007 because another Street Department employee was on an extended leave. In addition, according to the previous Director, Mr. Nichols did not report for work unless requested.

As a City employee, Mr. Nichols was to prepare timecards to record the time he worked for the City. However, during an interview with a law enforcement officer, Mr. Nichols stated his mother, Ms. Nichols, prepared his timecards during his employment with the City. We were only able to locate 16 timecards for Mr. Nichols for the period of our review. Of the 16 timecards, 7 had dates identified on the timecard and the remaining 9 only included hours. As a result, we were unable to determine which pay period the 9 timecards related to.

As previously stated, the Director of the Street Department identified concerns regarding the amount paid to Mr. Nichols. According to the Director, while preparing for a project in February 2010, he asked Ms. Nichols how much budget remained for the Street Department. The Director stated he didn't believe the amount reported to him by Ms. Nichols was correct, so he requested additional information. When he obtained a listing of the expenses for the Street Department, he determined Mr. Nichols had been paid for periods during which he did not actually work. According to the Director, he took his concerns to the City Council but he was told he may be over-reacting and no action was taken. As a result, the Director began recording the hours Mr. Nichols worked. A sample of time recorded by the Director of the Street Department is included in **Appendix 3**.

Exhibit I lists the payroll checks issued to Mr. Nichols from January 1, 2007 through February 24, 2010. **Exhibit J** lists the payroll checks issued to Mr. Nichols from February 25, 2010 through July 31, 2010. The average number of hours recorded in the payroll register for Mr. Nichols for both periods was greater than 25 hours per check.

We reviewed all payroll checks issued to Mr. Nichols between January 1, 2007 and July 31, 2010. To determine if the payroll checks issued to Mr. Nichols were reasonable, we performed different procedures based on the records and information available for various time periods. Our findings are as follows:

- Additional checks - As illustrated by **Exhibit I**, 9 checks were issued to Mr. Nichols in addition to his weekly payroll checks. The 9 checks were issued within a day or 2 of a weekly payroll check. During an interview with a law enforcement officer, Mr. Nichols stated he received paychecks on days other than normal paydays. He initially told the law enforcement officer he was unaware what these additional checks would have been for, but he later stated the checks could have something to do with the long hours he worked during the winter months assisting with snow removal. As illustrated by **Exhibit I**, not all of the additional checks were issued during months in which snow removal would be necessary.

According to the former Director of the Street Department and City representatives we spoke with, Mr. Nichols worked more hours than he normally did during the winter of 2007 and November 2009 through February 2010 because a full-time Street Department employee was on an extended leave. While working more hours than he typically did would result in Mr. Nichols receiving larger checks than normal, it would not explain why he would receive 2 checks within a pay period.

According to an interview with law enforcement officer, Ms. Nichols stated if an employee is paid more than once per week, it could be due to the employee cashing out compensatory time, sick leave or vacation time. However, according to City personnel we spoke with, Mr. Nichols was not eligible for compensatory time, sick leave or paid vacation because he was not a full time employee.

During the interview, Ms. Nichols also stated Mr. Nichols was paid multiple paychecks per week during the winter months as a result of working long hours removing snow from the City's streets. She stated his pay was broken into smaller checks for 2 reasons. She stated it created less tax deductions for Mr. Nichols and it allowed the hours to be logged separately from his normal job duties so the snow removal costs could be submitted to FEMA (the Federal Emergency Management Agency) for reimbursement. It is unclear how receiving multiple smaller checks has any impact on the total tax liability for a year. Also, City officials we spoke with stated the City has not received reimbursement from FEMA for snow removal, nor has the City considered requesting such type of assistance.

- Pay while on vacation - Ms. Nichols also told the law enforcement officer there were 2 instances in which she paid Mr. Nichols when he did not work any hours during the related pay period. **Exhibit I** includes a check to Mr. Nichols dated July 1, 2009. According to City representatives, Mr. Nichols was in Florida on vacation from June 24, 2009 through June 30, 2009. However, as illustrated by **Exhibit I**, Mr. Nichols received a \$100.25 paycheck for working 10 hours during this week.

We obtained and reviewed Mr. Nichols' personal credit card statements for the period January 1, 2007 through July 31, 2010. During our review of the statements, we identified charges incurred in Florida and Alabama between June 24, 2009 and June 30, 2009. As a result, we have classified the check dated July 1, 2009 as an improper disbursement.

Exhibit J includes a check to Mr. Nichols dated April 14, 2010. As illustrated by the **Exhibit**, the records provided by the Director of Street Department show Mr. Nichols did not work during this week. According to the Director, Mr. Nichols was in Arizona during the pay period ended April 13, 2010. By reviewing the activity on Mr. Nichols' personal credit cards, we confirmed he had airline tickets to Arizona during this period.

Although Ms. Nichols told a law enforcement officer she issued pay checks to Mr. Nichols for 2 pay periods during which he did not work, as illustrated by **Exhibit J**, she actually issued 11 checks to Mr. Nichols after February 24, 2010 even though he did not work during the related pay periods. However, for the period prior to February 25, 2010, we are unable to determine if Ms. Nichols paid Mr. Nichols for any additional pay periods he did not work. As a result, we have not identified any additional improper disbursements to Mr. Nichols.

- Excess hours paid to Mr. Nichols - During an interview with a law enforcement officer, Ms. Nichols stated she inflated Mr. Nichols' pay. She stated she altered the payroll system (register) by adding 3 to 4 hours each week.

For the period February 24, 2010 through July 14, 2010, we compared the number of hours Ms. Nichols recorded in the payroll register for Mr. Nichols to the number of hours he worked as recorded by his supervisor, the Director of the Street Department. We determined the hours in the payroll register did not agree with the hours recorded by the Director.

Exhibit J lists the amounts paid to Mr. Nichols from February 25, 2010 through July 31, 2010, the number of hours recorded in the payroll register for each pay period and the number of hours recorded by the Director of the Street Department. As illustrated by the **Exhibit**, the number of hours recorded in the payroll register for each week is actually 12 to 47 hours per week more than the number of hours recorded by the Director of the Street Department.

However, we did not have any documentation of the number of hours Mr. Nichols actually worked prior to February 24, 2010. As a result, based on Ms. Nichols' statement to the law enforcement officer, we identified 3 hours for each weekly paycheck issued to Mr. Nichols as an improper payment in **Exhibit I**. In addition to the 3 hours of additional time which Ms. Nichols admitted to adding, we considered the amount of time Mr. Nichols typically worked for the City, based on information obtained from the current and former Directors of the Street Department.

- o From January 1, 2007 through August 12, 2008 – As previously stated, the former Director of the Street Department stated Mr. Nichols worked an average of 10 to 15 hours per week during the winter. However, during the winter of 2007 he worked additional hours because another employee was on an extended leave. The former Director of the Street Department also stated Mr. Nichols worked an average of 15 to 20 hours per week during the summer. To determine the cutoff between winter and summer hours, we used the pay periods ending closest to March 31 and December 1 each year. Based on the information provided by the previous Director of the Street Department, we determined it was reasonable for Mr. Nichols to be paid for the number of hours listed in **Table 5**.

Table 5		
Starting with the pay period ended	Ending with the pay period ended	Maximum number of hours per week
01/02/07	03/13/07	40*
03/20/07	04/03/07	15
04/10/07	11/27/07	20
12/04/07	04/01/08	15
04/08/08	08/12/08	20

* - It appears Mr. Nichols did not work additional hours after 03/13/07 because Ms. Nichols recorded 25 hours or less in the payroll register for Mr. Nichols for the pay periods ended immediately after 03/13/07.

We compared the number of hours listed in **Table 5** to the number of hours recorded by Ms. Nichols for each pay period in the payroll register for Mr. Nichols. As illustrated by **Exhibit I**, we identified any hours recorded in excess of the maximum number of hours summarized in the **Table** as hours for which Mr. Nichols should not have been paid.

- o From August 13, 2008 to February 24, 2010 - As previously stated, the current Director of the Street Department estimated he requested Mr. Nichols' assistance an average of 5 to 10 hours per week. Based on the information provided by the Director of the Street Department, we determined it was reasonable for Mr. Nichols to be paid for up to 10 hours per week. However, as illustrated by **Exhibit I**, Ms. Nichols typically recorded more than 10 hours per week in the payroll register for Mr. Nichols. We identified any hours recorded in excess of 10 hours per week as hours for which Mr. Nichols should not have been paid.

As illustrated by **Exhibit I**, we determined Mr. Nichols received \$21,414.00 more gross pay than appropriate due to the excess hours recorded by Ms. Nichols and the additional checks identified for pay periods ending prior to February 24, 2010. Because Mr. Nichols received excess pay, the City incurred additional costs for the employer's share of FICA and IPERS. As illustrated in the

Exhibit, the City's share of FICA and IPERS on the excess pay were \$1,619.47 and \$1,296.32, respectively. The excess gross pay and the employer's share of FICA and IPERS on the excess pay total \$24,329.79 and are included in **Exhibit A** as improper disbursements.

As illustrated by the **Exhibit**, we determined Mr. Nichols received \$6,366.75 more gross pay than appropriate due to the excess hours recorded by Ms. Nichols for pay periods ending after February 24, 2010. Because Mr. Nichols received excess pay, the City incurred additional costs for the employer's share of FICA and IPERS on the excess pay. As illustrated in the **Exhibit**, the City's share of FICA and IPERS on the excess pay were \$487.03 and \$423.38, respectively. The excess gross pay, FICA and IPERS total \$7,277.16 and are included in **Exhibit A** as improper disbursements.

Linda Nichols – For the period January 1, 2007 through July 31, 2010, we located only 1 timecard in the City's records for Ms. Nichols. However, according to City representatives we spoke with, Ms. Nichols consistently worked from 8:00 am until 4:00 pm. She took a lunch break from 12:00 noon until 1:00 pm. She was typically paid for 40 hours per week, but for some weeks she was paid for more than 40 hours.

Exhibit K lists the payroll checks issued to Ms. Nichols during the period of our review. As illustrated by the **Exhibit**, Ms. Nichols was not paid for less than 40 hours for any week during the period of our review. Also as illustrated by the **Exhibit**, 21 checks were issued to Ms. Nichols in addition to her typical weekly payroll checks. The 21 checks total \$7,557.19.

As previously stated, during an interview with a law enforcement officer, Ms. Nichols stated an employee may be paid more than once per week as a result of cashing out compensatory time, sick leave or vacation time. However, we were unable to locate a complete listing of all employees' compensatory time, sick leave or vacation time accrued, used or remaining balances. Ms. Nichols was responsible for maintaining this information.

According to the City's policy, employees may accumulate up to 40 hours of compensatory time. Any employee accumulating over 40 hours of compensatory time will be paid for hours worked in excess of 40 hours within a week. Sick leave may be accumulated up to 30 working days. Employees are allowed to accumulate up to 80 hours of vacation time. The policy does not specify if additional vacation or sick leave time are not earned after the maximum amounts have been accumulated or if the unused vacation time or sick leave can be paid out. We confirmed other employees received payouts for unused compensatory time balances, but they did not receive payouts for unused vacation time or sick leave balances. Because Ms. Nichols typically worked 40 hours per week and was periodically paid for any time exceeding 40 hours within a week, it does not appear Ms. Nichols should have accumulated any compensatory time. As a result, she should not have been paid for any unused compensatory time.

As illustrated by **Exhibit K**, 20 of the 21 additional checks issued to Ms. Nichols were for 40 hours. The remaining additional check was for 42 hours. As previously stated, we were unable to locate a summary of sick leave or vacation time Ms. Nichols earned and used in the City's records. However, the City's attorney provided a summary of the vacation and sick leave time Ms. Nichols earned and used and the balances available to her at the time she resigned. According to the City's attorney, she received the summary from Ms. Nichols just prior to her resignation.

The summary obtained from the City's attorney showed Ms. Nichols took 4 weeks and 3 days of vacation between January 1, 2007 and July 31, 2010. The summary also showed Ms. Nichols earned 3 weeks of vacation on her anniversary dates in October 2007 and 2009 and had an ending balance of 10 weeks when she resigned. However, the summary did not include the 3 weeks of vacation Ms. Nichols earned on her anniversary date in October 2008. In order for the ending balance shown on the summary to be correct, it appears an additional 3 weeks of vacation were taken by Ms. Nichols during this period.

According to the City's attorney, Ms. Nichols periodically took vacation to visit her daughter in Texas, because family was visiting or for various other reasons. The attorney also stated she was

not aware of any vacation payouts provided to Ms. Nichols. According to the attorney, it was not unusual for her to be consulted regarding the City's financial transactions.

As illustrated by **Exhibit K**, none of the additional checks to Ms. Nichols were issued just prior to her anniversary date in October when it would be expected any unused vacation balances would be paid out. Also, a number of the additional checks issued to Ms. Nichols were issued within several weeks of each other. For example, Ms. Nichols received additional checks on May 7, 2007, May 15, 2007 and June 5, 2007. She also received another additional check on July 24, 2007. It would be unusual for employees to have sufficient unused leave balances to allow for multiple payouts of 40 hours each within a short period of time.

Because the summary Ms. Nichols provided to the City's attorney showed she used her vacation and it does not appear the 21 additional checks listed in **Exhibit K** were paid to Ms. Nichols for her unused vacation time, we classified the additional checks as improper disbursements. Because Ms. Nichols received improper payroll checks, the City incurred additional costs for the employer's share of FICA and IPERS. As illustrated by the **Exhibit**, the City's share of FICA and IPERS was \$578.43 and \$470.61, respectively. The excess gross pay, FICA and IPERS total \$8,606.23 and are included in **Exhibit A**.

Final Payout to Linda Nichols – We also identified a check issued to Ms. Nichols on August 6, 2010 for \$4,356.30. The check was signed by the Mayor and a City Council member. It was recorded in the payroll register and showed the payment was for 400 hours of pay. Based on the summary of Ms. Nichols' vacation hours obtained from the City's attorney, it appears the check was for 10 weeks of unused vacation time Ms. Nichols reported was available to her at the time she resigned.

We reviewed the City's policies regarding vacation accruals and the amounts allowed to be carried over from year to year. Using this information and the amount of time Ms. Nichols recorded on the summary as used vacation, we calculated her unused vacation balance at the time she resigned. Rather than the 10 weeks recorded by Ms. Nichols on the summary, we determined she had no more than 5 weeks of unused vacation time at the time she resigned.

We compared our calculations to the information Ms. Nichols recorded in the summary on a yearly basis based on Ms. Nichols' anniversary date. Our findings are summarized as follows:

- The summary stated Ms. Nichols had 6 weeks of vacation left on her anniversary date of October 19, 2006. However, City policy did not allow for more than 80 hours (2 weeks) to be carried over into a new year. After adding the 3 weeks Ms. Nichols earned on her anniversary date, her unused vacation balance on October 19, 2006 could not have exceeded 5 weeks.
- Prior to her anniversary date on October 19, 2007, Ms. Nichols' summary shows she used 2 weeks of vacation and earned an additional 3 weeks, leaving her with a balance of 7 weeks on October 19, 2007. However, because of the limit on the number of vacation hours which could be carried over into a new year, the maximum amount of vacation time available to Ms. Nichols on October 19, 2007 was 5 weeks after considering the 2 weeks of vacation she used during the year.
- Ms. Nichols' summary shows she used 2 weeks and 4 days of vacation time after her anniversary month of October 2007. The dates of the vacation were not specified, but her summary shows an unused vacation balance of 5 weeks and 1 day as of August 1, 2008. The next notation on her summary is the addition of 3 weeks of vacation in October 2009. While her summary does not show she earned an additional 3 weeks of vacation during October 2008, she was entitled to that amount, bringing her balance to 8 weeks and 1 day of vacation on October 19, 2008. Because of the limit on the number of vacation hours which could be carried over into a new year, the maximum amount of vacation time available to Ms. Nichols on October 19,

2008 was 5 weeks after considering the 2 weeks and 4 days of vacation she used during the year.

- Ms. Nichols did not record any vacation time used prior to her next anniversary date in October 2009 and she did not record a balance of unused vacation after noting 3 weeks of vacation earned in October 2009. However, because of the limit on the number of vacation hours which could be carried over into a new year, the maximum amount of vacation time available to Ms. Nichols on October 19, 2009 was 5 weeks.
- Ms. Nichols' summary shows she earned an additional 2 weeks of vacation "as of July 1, 2010" for a total of 10 weeks of vacation. Her summary did not show any vacation was used between October 2009 and July 2010. In accordance with the City's policy, Ms. Nichols was not entitled to earn any additional vacation prior to her anniversary date. As a result, the maximum amount of unused vacation available to her at the time of her resignation in July 2010 was 5 weeks rather than the 10 weeks she recorded and was paid for.

The cost of the 5 weeks of vacation time improperly paid to Ms. Nichols and the City's share of FICA is illustrated in **Table 6**. The \$3,148.47 is included in **Exhibit A** as an improper disbursement. As illustrated by the **Table**, the City did not withhold any IPERS contribution from Ms. Nichols' final payment. In addition, the City did not contribute the employer's share of IPERS for this payment.

Table 6	
Description	Amount
Number of weeks improperly paid to Ms. Nichols	5
x Number of hours per week	40
Total hours improperly paid to Ms. Nichols	200
Hourly rate	\$ 14.50
Gross pay improperly paid	2,900.00
Employer's share of FICA (7.65%)	248.47
Total improper disbursement	\$ 3,148.47

Because Ms. Nichols did not maintain a detailed listing of the dates she used vacation and no one independent of Ms. Nichols reviewed the summary she prepared, we are unable to determine if Ms. Nichols properly recorded all the vacation she used in the summary. It is possible she used more vacation than she recorded, which may have decreased the 5 weeks maximum vacation balance we calculated and resulted in additional improper payments to Ms. Nichols. Because we are unable to determine if Ms. Nichols used any additional vacation without properly recording it, we have not identified any additional improper payments to Ms. Nichols.

Reimbursements - As previously stated, Ms. Nichols prepared, signed and distributed all checks and posted the payments to the accounting records. She was also responsible for maintaining supporting documentation for each disbursement. We reviewed reimbursement checks issued to City employees to determine if they were properly supported. We reviewed supporting documentation available and discussed all reimbursements with a City representative to determine the reasonableness of the reimbursements. We identified concerns with checks issued to Mr. Nichols and Ms. Nichols. A detailed explanation of our findings follows.

- Ms. Nichols – During our review of the City's bank statements, we identified 15 non-payroll checks issued to Ms. Nichols between January 1, 2007 and July 31, 2010. The 15 checks total \$3,200.08 and are listed in **Exhibit L**.

The **Exhibit** includes the description of each payment recorded in the accounting system and the description shown on the supporting documentation, if available. Supporting documentation, such as receipts, was available for only 3 reimbursements of the 15 identified.

As illustrated by the **Exhibit**, Ms. Nichols received a reimbursement on April 1, 2009 for an \$874.00 purchase from Fleetwood Distributing, Inc. The purchase included a Mytee 8070 Lite ML2, which is an auto detail cleaning machine. According to City representatives we spoke with, they have not seen an auto detail cleaning machine at the City. A copy of the invoice is included in **Appendix 4**. As illustrated by the **Appendix**, it appears the information in the "Ship To" portion of the invoice as well as the address has been whited-out. The **Appendix** also includes a copy of the invoice we obtained directly from the vendor. The invoice obtained from the vendor shows the cleaning machine was shipped to Ms. Nichols' home address. It appears the vendor mistakenly issued the invoice to "Brenda" rather than "Linda."

On April 21, 2009, Ms. Nichols received a reimbursement for a \$540.14 purchase made at Home Depot. The purchase included a water softener and water heater jacket. According to City representatives we spoke with, there is no water softener at City Hall or in the City shop.

In addition, Ms. Nichols received reimbursement on November 20, 2009 for a \$350.31 purchase made at Menards. The purchase included an indoor window insulator, coaxial crimping tool, coax plates and a *Go Diego Go* DVD. *Go Diego Go* is a children's show. City representatives we spoke with stated there would be no reason for the City to purchase these items.

Because the 3 purchases for which supporting documentation was available appear to be personal in nature, they have been classified as improper disbursements.

The remaining 12 reimbursements issued to Ms. Nichols did not have supporting documentation, but the accounting system included a brief description for the reimbursements. Of these reimbursements, 4 were described as purchases related to the City shop. The 4 reimbursements were discussed with a City representative to determine if they appeared appropriate. According to the City representative, Ms. Nichols did not purchase supplies or tools for the City shop. The Director of the Street Department makes purchases for the City shop. As a result, the 4 reimbursements have been classified as improper disbursements.

The 3 improper reimbursements supported by documentation and the 4 improper reimbursements for purchases of City shop materials total \$2,640.67.

As illustrated by **Exhibit L**, 6 reimbursements were described as mileage in the accounting system. The remaining 2 reimbursements were described as "Betty Schafer" and "school." City representatives were not able to provide additional information about the reimbursements. As a result, we were unable to determine the propriety of the payments. Because we were unable to locate supporting documentation and the City representatives were unable to provide a description, we were unable to determine if the reimbursements were for City operations or personal purposes. As a result, the \$559.41 of reimbursements has been classified as unsupported disbursements in **Exhibit L**.

The improper reimbursements of \$2,640.67 and the unsupported reimbursements of \$559.41 are included in **Exhibit A**.

- Mr. Nichols – We identified 10 reimbursements issued to Mr. Nichols between January 1, 2007 and July 31, 2010. The 10 reimbursements total \$1,878.34 and are listed in **Exhibit M**. The **Exhibit** includes the description of each payment recorded in the

accounting system and the description shown on the supporting documentation, if available. Of the 10 reimbursements, 1 had supporting documentation. We reviewed available supporting documentation and discussed all reimbursements with a City representative to determine the reasonableness of the reimbursements.

As illustrated by the **Exhibit**, Mr. Nichols was reimbursed for 2 purchases at Lowes Home Improvement Store. The purchases included trim board, pvc, a 48"x36" vinyl window and tax. The items purchased were discussed with a City representative who was unable to identify a reason why the City would purchase such items. As a result, the reimbursement has been classified as an improper disbursement.

The remaining 9 reimbursements issued to Mr. Nichols did not have supporting documentation, but the accounting system included a brief description for the reimbursements. Of these reimbursements, 2 were described as purchases related to the City shop. The 2 reimbursements were discussed with a City representative to determine if they appeared appropriate. According to the City representative, Mr. Nichols was not authorized to make purchases of supplies or tools for the City shop. The Director of the Street Department makes purchases for the City shop. As a result, the 2 reimbursements have been classified as improper disbursements.

The improper reimbursement supported by documentation and the 2 improper reimbursements for purchases of City shop materials total \$633.19.

As illustrated by **Exhibit M**, 2 reimbursements did not have supporting documentation or a description in the accounting system. The remaining 7 reimbursements did not have supporting documentation but were described in the accounting system as mowing, trailer use, copies, mileage and rent. The 9 reimbursements without supporting documentation total \$1,245.15. City representatives were not able to provide additional information about the reimbursements. As a result, we were unable to determine the propriety of the payments. Because we were unable to locate supporting documentation and the City representatives were unable to provide a description, we were unable to determine if the reimbursements were for City operations or personal purposes. As a result, the \$1,245.15 of reimbursements has been classified as unsupported disbursements in **Exhibit M**.

The improper reimbursements of \$633.19 and the unsupported reimbursements of \$1,245.15 are included in **Exhibit A**.

Petty Cash – During our review of checks issued from the City's checking account, we identified 11 checks issued to "Petty Cash" which total \$1,904.39. Petty cash funds are generally used for incidental purchases, such as postage, and are typically kept on an imprest basis. For petty cash funds maintained on an imprest basis, all receipts and supporting documentation for any disbursements from the petty cash fund should be maintained and approved by the City Council when the fund is replenished. The amount of the replenishment should be the total shown on the receipts and supporting documentation and should return the petty cash fund to its established amount.

However, according to a City representative, the City did not have an established amount, nor did it have a policy regarding petty cash processes or uses. Because a policy was not established and supporting documentation was not maintained, we were unable to determine if petty cash funds were used appropriately. As a result, the \$1,904.39 is included in **Exhibit A** as unsupported disbursements.

UNDEPOSITED COLLECTIONS

As previously stated, the City's primary revenue sources include taxes from the State of Iowa, Adair County and Guthrie County. Revenue is also received from utility collections for water and sewer fees assessed to each household and business served and other miscellaneous fees. We

reviewed documentation related to these revenue sources to determine if collections were properly deposited.

Cash Receipts – As previously stated, Ms. Nichols was responsible for collecting all payments to the City, posting the collections to the accounting records and preparing and making bank deposits. We are unable to determine what receipts were prepared by Ms. Nichols for collections because the City's receipt books were not available for our review. City officials we spoke with were unable to locate the receipt books.

A City employee provided copies of 2 receipts Ms. Nichols issued to his spouse for monthly utility bills. The receipts were dated March 11, 2010 and July 8, 2010. They were not prenumbered and did not describe the payments. For 2 additional months, the City employee also provided a copy of a utility billing Ms. Nichols had stamped as paid and a scrap of paper which included only the employee's first name, the amount he paid, the date of "2-12," the notation "Paid" and Ms. Nichols' initials.

Based on the copies provided by the employee, it appears Ms. Nichols did not consistently issue receipts for payments she collected. In addition, because the receipts issued were not prenumbered, it is not possible to ensure all collections were properly deposited.

Utility Collections – According to City officials we spoke with, payments for utilities are received through the mail. Utility customers also bring payments to City Hall or place them in the City's drop box.

Billing statements sent to customers included the previous balance due, the amount billed for the current month's services and the total amount due. The amounts on the billing statements are automatically generated by the City's utility billing system based on meter readings entered.

As previously stated, Ms. Nichols had primary responsibility for the billing, collection, penalties and deposit of utility payments. She did not prepare utility billing reconciliations on a periodic basis. According to City representatives, Ms. Nichols did not accurately record meter readings in the computer software. For example, Ms. Nichols only entered the last 2 digits of 5 digit meter readings. As a result, the meter readings report and the data entered into the City's utility system did not agree.

In addition, after Ms. Nichols' resignation, City personnel determined she entered the wrong utility rate in the City's utility system for 9 businesses. As a result, the businesses were charged less than they should have been for water and sewer services. According to a City official, the City Council agreed the businesses did not have to pay for unbilled services and would give the businesses a fresh start.

City personnel also determined some individuals were not charged for water and sewer services because there was no meter or the meter was placed in a location which was hard to get to. In addition, according to a City representative, Ms. Nichols did not create a new account when an individual moved within the City. Instead, the names on the account for the address were changed. Also, Ms. Nichols did not assess late fees, penalties or enforce shut-offs.

Because accounts were not properly maintained and individuals/businesses were not properly charged, we were unable to determine if Ms. Nichols properly deposited collections. Had adequate records been available, we could have determined how many utility payments had been made in cash during the period of our review. Also, because adequate records were not available, we were unable to determine if utilities were properly billed and not collected or collected and not properly deposited.

Employee Utility Payments - As previously stated, Ms. Nichols had primary responsibility for the billing, collection and deposit of utility payments. Utility records were maintained for each account by Ms. Nichols by recording monthly billings and payment activity in the utility system used by the City.

We reviewed utility billing history reports and personal bank statements for Ms. Nichols' and Mr. Nichols' residential utility accounts for the period January 1, 2007 through July 31, 2010. According to the utility billing history report, Ms. Nichols and Mr. Nichols paid their accounts monthly. However, during our review of Ms. Nichols and Mr. Nichols personal bank statements, we did not identify any checks issued to the City matching the payment amounts posted in the utility billing history report. In addition, because receipts were not prepared or maintained by Ms. Nichols for utility payments, we were unable to determine if Ms. Nichols and/or Mr. Nichols paid cash to the City for their utility billings.

We also reviewed Ms. Nichols' and Mr. Nichols' personal bank statements for the period August 1, 2010 through October 31, 2010 to determine if checks were written to the City for utilities after their employment ended with the City. According to Ms. Nichols' bank statements, a \$62.58 check was issued in September 2010. Another check was issued in October 2010 for \$62.58. The \$62.58 amount agrees with Ms. Nichols' monthly utility bill according to the utility billing history report.

In Mr. Nichols' personal bank account, we identified a \$48.16 check issued in September 2010. Another check was issued in October 2010 for \$48.16. According to the memo line of the checks, the payment is for the East Building. According to a City representative, the East Building is owned by Mr. Nichols and a meter was placed on this building in August 2010. Because the building had not been metered previously, billings had not been issued for the building.

Because Ms. Nichols and Mr. Nichols paid their personal utility bills after their resignations but we cannot identify any payments they made to the City prior to their resignations, it appears likely Ms. Nichols and Mr. Nichols did not pay for their water or sewer services from January 1, 2007 through July 31, 2010. **Table 7** summarizes the yearly amount of unpaid utilities for Ms. Nichols and Mr. Nichols for this period.

Table 7			
Calendar	Unpaid Utilities for		
	Ms. Nichols	Mr. Nichols	Total
Year			
2007	\$ 668.40	1,026.02	1,694.42
2008	695.91	1,048.27	1,744.18
2009	750.96	1,398.83	2,149.79
2010*	438.06	768.22	1,206.28
Total	\$ 2,553.33	4,241.34	6,794.67

* - Through July 31, 2010

As illustrated by the **Table**, Ms. Nichols and Mr. Nichols' unpaid utility billings total \$6,794.67. This amount is included as undeposited collections in **Exhibit A**.

Miscellaneous Revenues – As previously stated, the City receives revenue for miscellaneous fees. These fees include pet licenses, building permits and rental fees. We were unable to locate supporting documentation to determine if the amounts collected were properly deposited. In addition, the building permits and pet licenses were not prenumbered. As a result, we were not able to account for the numerical sequence of the permits and licenses issued.

Taxes from the State of Iowa – As previously stated, the majority of revenues received from the State of Iowa are road use tax and local option sales tax. We confirmed payments to the City by the State of Iowa to determine if they were properly deposited to the City's bank account. We determined all payments from the State of Iowa were properly deposited to the City's checking account.

Taxes from Counties – We confirmed payments to the City by Adair County and Guthrie County to determine if they were properly deposited to the City’s bank account. We determined all payments from the Counties were properly deposited to the City’s checking account.

ADMINISTRATIVE RESPONSIBILITIES

During our investigation, we determined Ms. Nichols did not properly carry out a number of her responsibilities as the City Clerk. Specifically, we identified the following:

- There was no evidence monthly financial reports were provided to the City Council detailing receipts, disbursements, fund and account balances with comparisons to budget.
- Although Ms. Nichols prepared some receipts, we cannot ensure she prepared them for all collections.
- Minutes of the City Council meetings were not signed in accordance with section 380.7 of the *Code of Iowa* and bill listings were not retained at City Hall.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the City of Adair to perform bank reconciliations and process receipts, disbursements and payroll. An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check of 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 City of Adair's internal controls.

- A. Segregation of Duties - An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The former City Clerk had control over each of the following areas for the City.
- (1) Payroll – preparing, signing and distributing.
 - (2) Disbursements - preparing checks, signing, distributing and posting.
 - (3) Receipts - collecting, depositing, journalizing and posting.
 - (4) Financial records – preparing Council minutes and financial reporting.
 - (5) Utilities – preparing billings, collecting, assessing penalties, depositing and posting payments to customer accounts and recording payments in the City's utility billing system.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the functions listed above should be segregated. In addition, City Council members should review financial records, perform reconciliations and examine supporting documentation for accounting records on a periodic basis.

- B. Petty Cash - During our investigation, we determined the former City Clerk had established a petty cash fund; however, we were unable to determine an established amount due to the lack of a policy. In additions, receipts were not retained for all purchases.

Recommendation - The City Council should formally approve any established petty cash funds and develop a policy regarding uses. The petty cash funds should be maintained on an imprest basis to provide additional control over the funds. Specifically, receipts should be retained for all purchases from the petty cash fund and the cash on hand should periodically be balanced to the established amount by someone independent of the fund.

Imprest systems improve the accountability for cash and enhance reconciliation of receipts and deposits. All checks written to petty cash should be approved by the City Council and should not exceed the amount of the receipts which support purchases from the petty cash fund. In addition, the City Council should consider performing periodic surprise cash counts.

- C. Disbursements - During our review of the City's disbursements, the following were identified:
- (1) Several disbursements were not supported by invoices or other appropriate documentation.
 - (2) Some documents which supported disbursements were altered by having portions whited out.
 - (3) When the former City Clerk prepared checks, she used signature stamps for both the Mayor's and her signatures.

Recommendation - All City disbursements should be approved by the City Council prior to disbursement. For those disbursements paid prior to City Council approval, a listing should be provided to the City Council at the next City Council meeting for review and approval. In addition, all original documents should be maintained at City Hall for all disbursements and signature stamps should be maintained in a controlled manner. Individuals responsible for preparing checks should not have access to other people's signature stamps.

- D. Utility Billings, Reconciliations and Delinquencies – Utility billings were not periodically reconciled to the amounts collected and unpaid balances. Also, certain delinquent balances appeared to be excessive and the shut-off policy and procedures were not enforced. In addition, approved utility rates were not always entered into the utility billing systems.

Recommendation - Procedures should be established to reconcile utility billings, collections and delinquencies for each billing period. The City Council should ensure an independent party reviews the reconciliation. The City Council should also monitor delinquencies monthly.

Procedures should also be developed which ensure the rates entered into the City's utility billing system are periodically reviewed to ensure they comply with the rates approved by the Council in the rate ordinances.

- F. Monthly Financial Reports – There was no evidence monthly financial reports detailing receipts, disbursements, fund and account balances with comparisons to budget were provided to the City Council.

Recommendation – Monthly financial reports should be prepared and submitted to the Council for its review and approval. All reports should be maintained on file. Comparisons to budget should be included in the financial reports to provide better control over budgeted disbursements and provide the opportunity for timely amendments to the budget.

- G. Receipts – We were unable to locate any cash receipts issued for collections. The limited number of receipts we observed which were prepared by the former City Clerk were not prenumbered. As a result, we are unable to determine if all collections were properly deposited.

Recommendation – Prenumbered receipts should be issued for all collections at the time of collection to provide additional control over the proper collection and recording of all money.

- H. City Council Minutes – During our investigation, we identified the following:

- Minutes of the City Council meetings were not signed in accordance with section 380.7 of the *Code of Iowa*.
- Bill listings were not retained at City Hall.

Recommendation – Procedures should be implemented which ensure compliance with various requirements established by the *Code of Iowa*, including the requirement all minutes are signed, and bill listings presented to the City Council should be retained at City Hall with the minutes. The minutes should be reviewed and signed.

- I. Credit Cards - The City has credit cards for use by City employees while on City business. The City has not adopted a formal policy to regulate the use of credit cards and to establish procedures for the proper accounting of credit card charges.

Recommendation - The City Council should adopt a formal written policy regulating the use of City credit cards. The policy, at a minimum, should address who controls credit cards, who is authorized to use credit cards and for what purposes, as well as the types of supporting documentation required to substantiate charges.

- J. Payouts to Employees - City employees have been paid for unused vacation, sick leave and compensatory time balances. The City does not currently have a clearly defined policy to determine when payouts are allowable and under what conditions the unused balances should be paid out. In addition, the City did not maintain sufficient records to document the amount of leave time earned, used and remaining balances.

Recommendation - The City Council should develop written policies regarding the conditions, if any, when unused vacation, sick leave and compensatory time balances should be paid out. In addition, sufficient records should be maintained for the amount of leave time earned, used and remaining balances.

- K. Final Payout to Former City Clerk - On August 6, 2010, the City issued a check to the former City Clerk. It appears the payment was for 10 weeks of unused vacation the former City Clerk reported was available to her at the time she resigned. The City did not withhold the employee's share of IPERS contributions from the payment. In addition, the City did not contribute the employer's share of IPERS for the payment.

Recommendation - City officials should work with the City's legal counsel and representatives of IPERS to determine what amount, if any, should be contributed to IPERS for the final payment made to the former City Clerk.

- L. Building Permits and Pet Licenses - Building permit applications were not maintained and some applications were not complete. In addition, permits and pet licenses were not prenumbered. As a result, we were unable to determine if all fees had been collected. Also, a schedule of building permit fees for various costs associated with buildings could not be located.

Recommendation - The City Council should implement procedures to ensure all permit applications are complete and properly maintained. In addition, prenumbered applications should be issued to provide appropriate control over the collection and recording of related fees. Also, the City Council should ensure a fee schedule is maintained to ensure all applicants are charged the appropriate fee.

Exhibits

**Special Investigation of the
City of Adair**

Report on Special Investigation of the
City of Adair

Summary of Findings
For the period January 1, 2007 through July 31, 2010

Description	Exhibit/Table/ Page Number	Improper	Unsupported	Total
Improper and unsupported disbursements:				
Payments to vendors:				
T A Graffix	Exhibit B	\$ -	2,492.00	2,492.00
Beacon Systems	Exhibit C	27,475.41	-	27,475.41
Nichols for Cars	Table 1	5,804.16	-	5,804.16
Casey's General Store	Exhibit D	13,649.89	-	13,649.89
Auto Splash	Exhibit E	2,090.00	-	2,090.00
Northern Tool and Equipment	Exhibit F	4,650.80	-	4,650.80
Orscheln Farm & Home	Exhibit G	2,097.93	821.56	2,919.49
Menards	Exhibit H	574.04	2,059.94	2,633.98
True Value Hardware	Page 14	346.99	-	346.99
S and S	Page 14	137.86	-	137.86
Payroll checks issued to Terry Nichols:				
Prior to February 25, 2010	Exhibit I	24,329.79	-	24,329.79
After February 24, 2010	Exhibit J	7,277.16	-	7,277.16
Payroll checks issued to Linda Nichols	Exhibit K	8,606.23	-	8,606.23
Final payout to Linda Nichols	Table 6	3,148.47	-	3,148.47
Reimbursements issued to Linda Nichols	Exhibit L	2,640.67	559.41	3,200.08
Reimbursements issued to Terry Nichols	Exhibit M	633.19	1,245.15	1,878.34
Petty Cash	Page 22	-	1,904.39	1,904.39
Total improper and unsupported disbursements		103,462.59	9,082.45	112,545.04
Undeposited collections:				
Unpaid utility billings:				
Linda Nichols	Table 7	2,553.33	-	2,553.33
Terry Nichols	Table 7	4,241.34	-	4,241.34
Total undeposited collections		6,794.67	-	6,794.67
Total		\$ 110,257.26	9,082.45	119,339.71

Report on Special Investigation of the
City of Adair

Payments to T A Graffix
For the period January 1, 2007 through July 31, 2010

Per Check Image			Per TA Graffix Statement/Handwritten Notes	
Check Date	Check Number	Amount	Date	Description
02/01/07	36637	\$ 100.00		No receipt
05/08/07	36945	500.00		No receipt
05/29/07	36991	400.00		No receipt
06/19/07	37088	155.00		No receipt
11/15/07	37620	150.00	11/14/08	Signs - water & sewer plant
04/29/08	38132	100.00	04/29/08	2 signs ACBC, Sign Park, 1 small sign City Hall
07/07/08	38383	200.00	07/07/08	Signs truck-pick up
09/16/08	38636	200.00		No receipt
10/27/08	38775	180.00	10/24/08	6 lg. salty yellow/orange, 8 xl salty yellow/orange, 2 long sleeve t-shirts
11/03/08	38808	500.00	11/03/08	Signs for shop, street signs and install
12/12/08	38983	200.00		No receipt
01/06/09	39067	500.00	01/06/09	Letter-decal, truck and dump box
07/14/09	39744	100.00		No receipt
08/13/09	38951	300.00	-	shirts, jacket (Phil/Ryan)
10/01/09	40040	215.00		No receipt
10/13/09	40085	150.00		No receipt
06/25/10	41007	250.00		No receipt
06/29/10	41012	222.00		No receipt
Total		<u>\$ 4,422.00</u>		

Amount	Reasonable	Unsupported
\$ 100.00	-	100.00
500.00	-	500.00
400.00	-	400.00
155.00	-	155.00
150.00	150.00	-
100.00	100.00	-
200.00	200.00	-
200.00	-	200.00
180.00	180.00	-
500.00	500.00	-
200.00	-	200.00
500.00	500.00	-
100.00	-	100.00
300.00	300.00	-
215.00	-	215.00
150.00	-	150.00
250.00	-	250.00
222.00	-	222.00
\$ 4,422.00	1,930.00	2,492.00

Exhibit C

Report on Special Investigation of the
City of Adair

Payments to Beacon Systems
For the period January 1, 2007 through July 31, 2010

Per Check Image			Per Supporting Documentation			
Check Date	Check Number	Amount	Sales Date	Ship To	Description	Amount
02/05/07	36643	\$ 1,153.95	02/06/07	Linda Nichols	Yellow Fluorescent 2450	\$ 455.75
					Knifeblade 45 deg carb fine tip (5 pk)	109.00
					R tape 8-1/2x100 yds	43.00
					R tape 12x100 yds	60.70
			02/09/07	Linda Nichols	Holo Kaleidoscope 2450	485.50
06/01/07	37013	468.20	05/21/07	Linda Nichols	Olympic blue reflective 2410	169.00
					Dark blue 2410	67.50
					R-tape 8-1/2x100 yds	43.00
					R-tape 10-1/2x100 yds	53.00
					R-tape 12x100 yds	60.70
					Kifeblade 45 degree carbide (5 pk)	75.00
10/09/07	37490	666.35	10/05/07	<i>Not specified</i>	Black 2450	421.50
					Rapiddac transfer sol 125oz jug	30.35
					Application fluid splast 8oz bottle	21.50
					Bandanna banner 11.5oz 34x24yd white	104.00
					Bandanna banner 11.5oz 22x24yd white	89.00
10/18/07	37508	421.50	10/10/07	<i>Not specified</i>	White 2450	421.50
02/19/08	37899	890.60	02/12/08	Linda Nichols	R-tape 10-1/2x100yds	55.40
					R-tape 12x100yds	63.60
					White 2450	421.50
					Black 2450	210.75
					Rapiddac Transfer sol 125oz jug	30.35
					Knifeblade 45 deg carb fine tip (5 pk)	109.00
06/17/08	38287	1,196.00	06/09/08	Linda Nichols	Black 2450	210.75
					White 2450	210.75
					Forest Green 2450	241.25
					Tomato Red 2450	241.25
					Olympic Blue 2410	67.50
					12x18 sign blank - .063 thick	75.00
					18x24 sign blank - .063 thick	149.50
07/30/08	38440	2,504.50	07/31/08	Linda Nichols	White 2450	421.50
					Black 2450	421.50
					Tomato Red 2450	241.25
					Yellow fluorescent 2450	455.75
					Green fluorescent 2450	455.75
					Blue fluorescent 2450	455.75
					4mm 24widex18high coroplast white	50.00
					Shipping/handling	3.00

Report on Special Investigation of the
City of Adair

Payments to Beacon Systems
For the period January 1, 2007 through July 31, 2010

Per Check Image			Per Supporting Documentation			
Check Date	Check Number	Amount	Sales Date	Ship To	Description	Amount
08/07/08	38490	455.75	09/04/08	Linda Nichols	15x10yds Thermoflex plus	78.50
09/09/08	38610	1,229.26			Hotronix 16x16 auto release	1,150.00
					15x10yds Thermoflex plus-yellow	177.00
					15x10yds Thermoflex plus-orange	88.50
					15x10yds Thermoflex plus	78.50
					Shipping/handling	112.51
10/01/08	38681	1,527.30	09/23/08	Not specified	15x10yds thermoflex plus-roy purple	78.50
					15x10yds thermoflex plus-black	78.50
					r-tape 12x100yds	95.40
					r-tape 10-1/2x100yds	55.40
					White reflective 2450	768.50
					Black 2450	223.50
					White 2450	223.50
					Shipping/handling	4.00
12/29/08	39020	202.00	09/25/08	Linda Nichols	15x10 yds thermoflex plus - red	78.50
					15x10 yds thermoflex plus - royal	78.50
					R tape 8-1/2x100 yds	45.00
02/10/09	39202	2,601.50	02/09/09	Linda Nichols	15x10yds thermoflex plus - white	78.50
					15x10yds thermoflex plus - black	78.50
					15x10yds thermoflex plus - neon	88.50
					White 2450	474.00
					Black 2450	474.00
					Tomato Red 2450	271.00
					Orange Fluorescent 2450	521.75
					Silver ultramet 2410	153.25
					R-tape 12x100 yds	133.00
					R-tape 10-1/2x100 yds	58.00
					Unknown	271.00
03/01/09	39258	271.00	02/18/09	Linda Nichols	Medium Marine Grey 2450	271.00
04/28/09	39447	751.75	04/23/09	Linda Nichols	15x10yds thermoflex plus - white	157.00
					15x10yds thermoflex plus - black	157.00
					GMI 6 month orange fluorescent 24x50	320.00
					Prime Mirror lens 1-3/8 in 24x10 amethys	48.50
					Medium charcoal metallic 1510	69.25

Exhibit C

Report on Special Investigation of the
City of Adair

Payments to Beacon Systems
For the period January 1, 2007 through July 31, 2010

Per Check Image			Per Supporting Documentation			
Check Date	Check Number	Amount	Sales Date	Ship To	Description	Amount
06/15/09	39620	1,558.75	06/11/09	Linda Nichols	Burgundy 2450	271.00
					Prime Carbon Fiber 24x10 gunmetal	44.00
					R-tape 8-1/2x100 yds	47.00
					Silver metallic 2450	367.50
					Prime mirror lens 1-3/8 in 24x10 red	48.50
					Prime diamond plate 24x10 silver	46.25
					Black reflective 2410	193.50
					R-tape 24x100 yards	125.00
					Dark Char metallic 2450	367.50
					Prime diffraction 1/4 mosaic 24x10 green	48.50
06/22/09	39647	193.00	06/16/09	Linda Nichols	Prime mirror lens 1-3/8 in 24x10 amethys	48.50
					Prime mirror lens 1-3/8 in 24x10 gunmeta	48.50
					Prime diamond plate small 24x10 silver	46.25
					Prime diamond plate small 24x10 red	49.75
07/14/09	39738	875.00	07/09/09	Linda Nichols	Promag 24x50 feet white	148.00
					Stepstake ss-1	40.00
					Rapdtac transfer sol 125oz jug	96.00
					R-tape 12x100 yds	66.50
					R-tape 6-1/2x100yds	36.00
					Prime mirror lens 1-3/8 in 24x10 yellow	48.50
					Prime mirror lens 1-3/8 in 24x10 amethys	48.50
					Prime mirror lens 1-3/8 in 24x10 orange	48.50
					Prime mirror lens 1-3/8 in 24x10 skyblue	48.50
					Prime holographic glitter 24x10 orange	48.50
					Prime holographic glitter 24x10 red	48.50
					Prime holographic glitter 24x10 blue	48.50
					Knifeblade 60 deg high strength 5 pk	149.00
07/20/09	39755	97.00	07/15/09	Linda Nichols	Prime Diffraction 1/4 mosiac 24x10 blue	48.50 *
			07/20/09	Linda Nichols	Prime diamond plate 24x10 red	49.75 *
08/17/09	39853	397.50	08/11/09	Linda Nichols	Bandanna Banner 14oz 22x24 yd - white	306.00
					Shipping/handling	91.50

Report on Special Investigation of the
City of Adair

Payments to Beacon Systems
For the period January 1, 2007 through July 31, 2010

Per Check Image			Per Supporting Documentation			
Check Date	Check Number	Amount	Sales Date	Ship To	Description	Amount
01/07/10	40407	2,366.75	01/06/10	Linda Nichols	A9 White 2450	474.00
					Yellow Fluorescent 2450	521.75
					Prime diamond plate 24x10 orange	49.75
					Prime diamond plate 24x10 royal blue	49.75
					Prime diamond plate 24x10 silver	46.25
					R tape 24x100 yards	125.00
					4mm 24 widex 18 high coro plast white	49.50
					Stepstake	40.00
					6x12 License plate blank - .24 thk white	15.00
			01/12/10	Linda Nichols	A9 Black 2450	474.00
					Red Fluorescent 2450	521.75
03/05/10	40619	1,823.00	02/25/10	Linda Nichols	A9 White 2450	711.00
					A9 Black 2450	711.00
					R tape 24x100 yards	125.00
					Prime diamond plate small 24x10 silver	138.75
					Prime holographic glitter 24x10 silver	137.25
06/16/10	40973	4,641.35	06/08/10	<i>Not specified</i>	Burgundy 2450	284.55
					Vivid Blue 2450	284.55
					Canary Yellow 2450	284.55
					Bright Green 2450	569.10
					Red Reflective 2450	625.25
					Yellow Fluorescent 2450	547.85
					White 2410	139.10
					Black 2410	139.10
					Light Gold Metallic 2410	116.30
					R-tape 10-1/2x100 yds	58.00
					R-tape 12x100 yds	66.50
					R-tape 24x100 yards	125.00
					Burgundy 2450	284.55
					Vivid Blue 2450	284.55
					Canary Yellow 2450	284.55
					Orange Fluorescent 2450	547.85
06/30/10	41025	1,183.40	06/30/10	Linda Nichols	Stepstake	40.00
					Promag 24x50 feet white	148.00
					A9 White 2450	497.70
					A9 Black 2450	497.70
Total		<u>\$ 27,475.41</u>				<u>\$ 27,476.66</u>

* - We are unable to determine why Linda Nichols prepared a check for \$97.00 when the invoices totaled \$98.25.

Exhibit D

Report on Special Investigation of the
City of AdairPurchases from Casey's General Store
For the period January 1, 2007 through July 31, 2010

Cardholder	Date	Description	Amount
Linda Nichols			
	06/29/08	UNL	\$ 69.76
	07/03/08	UNL	48.00
	07/07/08	UNL	49.51
	07/10/08	UNL	35.00
	07/11/08	UNL	54.50
	07/13/08	UNL	55.40
	07/17/08	UNL	60.50
	07/19/08	UNL	40.50
	07/20/08	UNL	30.25
	07/22/08	UNL	30.01
	07/23/08	UNL	75.00
	07/25/08	UNL	53.01
	07/25/08	UNL	50.00
	07/25/08	UNL	68.00
	07/28/08	UNL	34.75
	07/29/08	UNL	52.50
	08/01/08	UNL	35.01
	08/01/08	UNL	63.00
	08/05/08	UNL	46.50
	08/08/08	UNL	65.00
	08/10/08	UNL	49.76
	08/11/08	UNL	68.02
	08/12/08	UNL	53.25
	08/14/08	UNL	50.20
	08/15/08	UNL	35.00
	08/18/08	UNL	70.00
	08/19/08	UNL	38.50
	08/20/08	UNL	30.00
	08/21/08	UNL	34.00

Report on Special Investigation of the
City of Adair

Purchases from Casey's General Store
For the period January 1, 2007 through July 31, 2010

Cardholder	Date	Description	Amount
	08/22/08	UNL	30.06
	08/22/08	UNL	52.25
	08/25/08	UNL	60.01
	08/26/08	UNL	31.40
	08/26/08	UNL	44.50
	08/30/08	UNL	38.11
	09/02/08	UNL	42.00
	09/02/08	UNL	16.00
	09/04/08	UNL	60.00
	09/04/08	UNL	40.50
	09/05/08	UNL	31.40
	09/07/08	UNL	43.50
	09/08/08	UNL	50.00
	09/12/08	UNL	61.01
	09/12/08	UNL	57.00
	09/13/08	UNL	51.00
	09/15/08	UNL	20.01
	09/16/08	UNL	60.06
	09/16/08	UNL	36.00
	09/18/08	UNL	48.00
	09/18/08	UNL	52.00
	09/20/08	UNL	35.00
	09/22/08	UNL	53.01
	09/22/08	UNL	45.00
	09/23/08	UNL	57.00
	09/25/08	UNL	47.00
	09/28/08	UNL	67.75
	09/30/08	UNL	55.00
	09/30/08	UNL	48.90
	10/02/08	UNL	50.00

Exhibit D

Report on Special Investigation of the
City of Adair

Purchases from Casey's General Store
For the period January 1, 2007 through July 31, 2010

Cardholder	Date	Description	Amount
	10/05/08	UNL	47.20
	10/08/08	UNL	49.50
	10/09/08	UNL	45.01
	10/10/08	UNL	56.23
	10/12/08	UNL	27.25
	10/13/08	UNL	20.00
	10/15/08	UNL	47.90
	10/16/08	UNL	28.25
	10/17/08	UNL	56.10
	10/19/08	UNL	22.00
	10/20/08	UNL	51.00
	10/20/08	UNL	25.00
	10/21/08	UNL	44.00
	10/25/08	UNL	43.50
	10/25/08	UNL	19.75
	10/28/08	UNL	34.00
	10/29/08	UNL	24.75
	10/29/08	UNL	10.20
	10/30/08	UNL	35.00
	10/30/08	UNL	15.00
	10/31/08	UNL	18.50
	11/01/08	DSL	30.51
	11/02/08	UNL	29.00
	11/05/08	UNL	26.00
	11/12/08	UNL	38.75
	11/12/08	UNL	26.00
	11/13/08	UNL	21.80
	11/14/08	UNL	43.20
	11/17/08	UNL	34.20
	11/17/08	UNL	33.00

Report on Special Investigation of the
City of Adair

Purchases from Casey's General Store
For the period January 1, 2007 through July 31, 2010

Cardholder	Date	Description	Amount
	11/20/08	UNL	20.20
	11/23/08	UNL	27.40
	11/24/08	UNL	18.30
	11/25/08	UNL	31.74
	11/30/08	UNL	19.50
	12/02/08	UNL	19.00
	12/04/08	UNL	12.00
	12/04/08	UNL	22.70
	12/05/08	UNL	18.70
	12/06/08	UNL	20.00
	12/12/08	UNL	30.30
	12/14/08	UNL	17.37
	12/15/08	UNL	29.00
	12/15/08	UNL	16.00
	12/18/08	UNL	19.00
	12/18/08	UNL	30.00
	12/18/08	UNL	19.30
	12/26/08	UNL	22.00
	12/29/08	UNL	31.00
	12/30/08	UNL	29.75
	12/31/08	UNL	8.00
	01/01/09	UNL	22.40
	01/01/09	UNL	4.60
	01/05/09	UNL	23.50
	01/06/09	UNL	25.00
	01/06/09	UNL	20.40
	01/08/09	UNL	18.90
	01/10/09	UNL	26.50
	01/13/09	UNL	15.00
	01/16/09	UNL	25.90

Exhibit D

Report on Special Investigation of the
City of AdairPurchases from Casey's General Store
For the period January 1, 2007 through July 31, 2010

Cardholder	Date	Description	Amount
	01/16/09	UNL	5.83
	01/17/09	UNL	26.75
	01/17/09	UNL	28.61
	01/18/09	UNL	36.77
	01/19/09	UNL	30.00
	01/24/09	UNL	23.00
	01/27/09	UNL	20.77
	01/28/09	UNL	29.50
	01/29/09	UNL	19.00
	02/01/09	UNL	28.01
	02/03/09	UNL	29.03
	02/03/09	UNL	27.51
	02/03/09	UNL	33.41
	02/05/09	UNL	25.00
	02/05/09	UNL	15.00
	02/05/09	UNL	20.00
	02/06/09	UNL	23.00
	02/08/09	UNL	29.00
	02/10/09	UNL	20.40
	02/11/09	UNL	31.40
	02/12/09	UNL	21.00
	02/15/09	UNL	37.50
	02/16/09	UNL	34.00
	02/18/09	UNL	31.00
	02/19/09	UNL	17.25
	02/22/09	UNL	17.60
	02/26/09	UNL	22.30
	02/26/09	UNL	26.70
	02/26/09	UNL	29.40
	02/27/09	UNL	15.50
	03/01/09	UNL	31.25

Report on Special Investigation of the
City of Adair

Purchases from Casey's General Store
For the period January 1, 2007 through July 31, 2010

Cardholder	Date	Description	Amount
	03/03/09	UNL	16.25
	03/05/09	UNL	25.80
	03/08/09	UNL	19.60
	03/09/09	UNL	20.00
	12/28/09	Non G	42.77
Subtotal for Linda Nichols			5,384.37
Terry Nichols			
	03/11/09	UNL	35.70
	03/12/09	UNL	16.00
	03/13/09	UNL	17.00
	03/15/09	UNL	22.55
	03/15/09	UNL	22.55
	03/16/09	UNL	10.01
	03/17/09	UNL	17.30
	03/19/09	UNL	23.80
	03/21/09	UNL	23.60
	03/29/09	UNL	13.00
	03/29/09	UNL	13.50
	03/29/09	UNL	3.15
	03/31/09	UNL	25.00
	04/02/09	UNL	19.01
	04/03/09	UNL	16.50
	04/05/09	UNL	20.50
	04/07/09	UNL	27.56
	04/07/09	UNL	12.20
	04/09/09	UNL	31.00
	04/12/09	UNL	21.20
	04/12/09	UNL	13.10
	04/21/09	UNL	20.00
	04/23/09	UNL	22.50

Exhibit D

Report on Special Investigation of the
City of Adair

Purchases from Casey's General Store
For the period January 1, 2007 through July 31, 2010

Cardholder	Date	Description	Amount
	04/23/09	UNL	17.20
	04/24/09	UNL	15.00
	04/27/09	UNL	34.40
	04/28/09	UNL	20.50
	04/30/09	UNL	16.50
	05/02/09	UNL	15.00
	05/02/09	UNL	41.00
	05/05/09	UNL	25.00
	05/05/09	UNL	18.75
	05/07/09	UNL	20.21
	05/09/09	UNL	18.00
	05/10/09	UNL	33.70
	05/12/09	UNL	20.00
	05/15/09	UNL	35.00
	05/16/09	UNL	27.00
	05/18/09	UNL	25.00
	05/18/09	UNL	37.61
	05/21/09	UNL	25.16
	05/24/09	UNL	31.50
	05/24/09	UNL	18.40
	05/25/09	UNL	30.01
	05/29/09	UNL	20.50
	05/31/09	UNL	21.90
	06/04/09	UNL	24.51
	06/04/09	UNL	30.60
	06/06/09	UNL	55.00
	06/07/09	UNL	20.70
	06/10/09	UNL	24.25
	06/10/09	UNL	56.20
	06/11/09	UNL	49.00

Report on Special Investigation of the
City of Adair

Purchases from Casey's General Store
For the period January 1, 2007 through July 31, 2010

Cardholder	Date	Description	Amount
	06/13/09	UNL	32.75
	06/14/09	UNL	30.30
	06/17/09	UNL	18.00
	06/18/09	UNL	26.00
	07/03/09	UNL	27.75
	07/03/09	UNL	23.00
	07/04/09	UNL	25.00
	07/07/09	UNL	31.50
	07/08/09	UNL	33.35
	07/13/09	UNL	39.50
	07/14/09	UNL	25.00
	07/15/09	UNL	33.05
	07/15/09	UNL	11.00
	07/19/09	UNL	28.30
	07/21/09	UNL	27.25
	07/23/09	UNL	15.30
	07/24/09	UNL	38.02
	07/28/09	UNL	18.30
	07/28/09	UNL	32.00
	07/31/09	UNL	43.00
	08/01/09	UNL	21.00
	08/04/09	UNL	13.00
	08/05/09	UNL	27.00
	08/05/09	UNL	25.02
	08/06/09	UNL	31.80
	08/08/09	UNL	37.10
	08/11/09	UNL	44.00
	08/16/09	UNL	23.00
	08/20/09	UNL	29.25
	08/20/09	UNL	18.76
	08/21/09	UNL	30.75

Exhibit D

Report on Special Investigation of the
City of Adair

Purchases from Casey's General Store
For the period January 1, 2007 through July 31, 2010

Cardholder	Date	Description	Amount
	08/24/09	UNL	43.70
	08/26/09	UNL	24.50
	08/27/09	UNL	31.50
	08/28/09	UNL	15.25
	08/29/09	UNL	26.91
	08/30/09	UNL	27.01
	08/31/09	UNL	42.20
	09/03/09	UNL	24.40
	09/04/09	UNL	15.40
	09/06/09	UNL	28.20
	09/07/09	UNL	25.00
	09/07/09	UNL	28.51
	09/08/09	UNL	15.00
	09/09/09	UNL	29.00
	09/10/09	UNL	31.40
	09/11/09	UNL	25.40
	09/13/09	UNL	18.00
	09/15/09	UNL	30.00
	09/15/09	UNL	27.00
	09/18/09	UNL	20.20
	09/20/09	UNL	17.50
	09/21/09	UNL	32.00
	09/22/09	UNL	41.75
	09/22/09	UNL	10.00
	09/22/09	UNL	26.50
	09/24/09	UNL	24.50
	09/27/09	UNL	26.00
	09/27/09	UNL	14.00
	09/28/09	UNL	46.21
	10/03/09	UNL	17.25
	10/04/09	UNL	21.00

Report on Special Investigation of the
City of Adair

Purchases from Casey's General Store
For the period January 1, 2007 through July 31, 2010

Cardholder	Date	Description	Amount
	10/06/09	UNL	50.70
	10/08/09	UNL	26.00
	10/11/09	UNL	22.00
	10/12/09	UNL	34.75
	10/15/09	UNL	47.00
	10/16/09	UNL	37.25
	10/18/09	UNL	23.75
	10/19/09	UNL	40.26
	10/19/09	UNL	24.25
	10/21/09	UNL	27.30
	10/22/09	UNL	27.10
	10/26/09	UNL	47.00
	10/27/09	UNL	23.30
	10/28/09	UNL	51.00
	10/30/09	UNL	25.00
	11/01/09	UNL	25.00
	11/02/09	UNL	41.00
	11/02/09	UNL	25.75
	11/03/09	UNL	17.50
	11/05/09	UNL	28.50
	11/06/09	UNL	39.00
	11/08/09	UNL	23.00
	11/09/09	UNL	32.99
	11/09/09	UNL	11.50
	11/18/09	UNL	38.00
	11/19/09	UNL	28.75
	11/23/09	UNL	34.75
	11/23/09	UNL	42.25
	11/23/09	UNL	20.51
	11/27/09	UNL	26.25
	12/01/09	UNL	26.00

Exhibit D

Report on Special Investigation of the
City of AdairPurchases from Casey's General Store
For the period January 1, 2007 through July 31, 2010

Cardholder	Date	Description	Amount
	12/02/09	UNL	30.70
	12/03/09	UNL	47.70
	12/06/09	UNL	32.85
	12/06/09	UNL	26.30
	12/06/09	UNL	41.60
	12/12/09	UNL	42.50
	12/12/09	UNL	24.70
	12/12/09	UNL	26.70
	12/18/09	UNL	41.50
	12/21/09	UNL	28.00
	12/21/09	UNL	16.00
	12/21/09	UNL	33.70
	12/22/09	UNL	22.40
	12/29/09	UNL	45.10
	12/31/09	UNL	43.85
	01/05/10	UNL	26.75
	01/06/10	UNL	30.00
	01/09/10	UNL	38.40
	01/11/10	UNL	25.00
	01/14/10	UNL	36.00
	01/14/10	UNL	26.10
	01/14/10	UNL	29.00
	01/18/10	UNL	29.00
	01/19/10	UNL	23.35
	01/19/10	UNL	27.77
	01/21/10	UNL	17.75
	01/21/10	UNL	18.00
	01/21/10	UNL	95.01
	01/24/10	UNL	39.90
	01/31/10	UNL	18.00
	01/31/10	UNL	10.95

Report on Special Investigation of the
City of Adair

Purchases from Casey's General Store
For the period January 1, 2007 through July 31, 2010

Cardholder	Date	Description	Amount
	02/02/10	UNL	20.00
	02/04/10	UNL	50.00
	02/04/10	UNL	40.50
	02/04/10	UNL	33.00
	02/06/10	UNL	35.00
	02/07/10	UNL	49.90
	02/09/10	UNL	23.00
	02/10/10	UNL	70.00
	02/12/10	UNL	23.50
	02/13/10	UNL	41.40
	02/14/10	UNL	25.00
	02/17/10	UNL	25.02
	02/19/10	UNL	14.50
	02/21/10	UNL	25.00
	02/22/10	UNL	35.50
	02/25/10	UNL	25.30
	03/02/10	UNL	50.00
	03/02/10	UNL	30.00
	03/04/10	UNL	46.30
	03/05/10	UNL	19.75
	03/05/10	UNL	24.00
	03/09/10	UNL	21.50
	03/10/10	UNL	47.70
	03/10/10	UNL	41.00
	03/11/10	UNL	9.10
	03/13/10	UNL	19.70
	03/14/10	UNL	17.50
	03/18/10	UNL	23.40
	03/21/10	UNL	57.00
	03/23/10	UNL	22.01
	03/24/10	UNL	38.40

Exhibit D

Report on Special Investigation of the
City of AdairPurchases from Casey's General Store
For the period January 1, 2007 through July 31, 2010

Cardholder	Date	Description	Amount
	03/24/10	UNL	28.50
	03/25/10	UNL	30.00
	03/26/10	UNL	13.00
	03/28/10	UNL	15.00
	03/29/10	UNL	35.00
	03/30/10	UNL	23.10
	04/04/10	UNL	53.50
	04/05/10	UNL	17.75
	04/05/10	UNL	25.00
	04/15/10	UNL	23.50
	04/18/10	UNL	44.60
	04/19/10	UNL	54.00
	04/20/10	UNL	23.00
	04/24/10	UNL	25.01
	04/24/10	UNL	41.50
	04/25/10	UNL	23.61
	04/27/10	UNL	32.60
	04/28/10	UNL	45.00
	04/28/10	UNL	40.50
	05/01/10	UNL	49.50
	05/01/10	UNL	41.10
	05/04/10	UNL	65.80
	05/06/10	UNL	54.60
	05/07/10	UNL	57.60
	05/08/10	UNL	40.00
	05/10/10	UNL	54.20
	05/12/10	UNL	34.60
	05/13/10	UNL	49.20
	05/15/10	UNL	28.25
	05/15/10	UNL	53.00
	05/18/10	UNL	32.75
	05/21/10	UNL	25.00
	05/22/10	UNL	38.70

Report on Special Investigation of the
City of Adair

Purchases from Casey's General Store
For the period January 1, 2007 through July 31, 2010

Cardholder	Date	Description	Amount
	05/26/10	UNL	40.85
	05/26/10	UNL	30.00
	05/27/10	UNL	31.65
	05/28/10	UNL	36.15
	06/01/10	UNL	30.00
	06/01/10	UNL	44.50
	06/04/10	UNL	24.00
	06/07/10	UNL	46.75
	06/13/10	UNL	42.00
	06/16/10	UNL	45.01
	06/18/10	UNL	43.25
	06/18/10	UNL	33.40
	06/19/10	UNL	46.70
	06/22/10	UNL	36.50
	06/22/10	UNL	51.60
	06/25/10	UNL	33.00
	06/26/10	UNL	48.70
	06/27/10	UNL	24.50
	06/29/10	UNL	25.00
	07/01/10	UNL	26.50
	07/03/10	UNL	25.00
	07/03/10	UNL	47.60
	07/06/10	UNL	39.40
	07/06/10	UNL	44.00
	07/07/10	UNL	20.20
	07/09/10	UNL	39.65
	07/10/10	UNL	25.25
	07/12/10	UNL	38.00
	07/13/10	UNL	43.25
	07/14/10	UNL	39.00
	07/17/10	UNL	9.50
	07/18/10	UNL	31.50
Subtotal for Terry Nichols			8,265.52
Total			\$ 13,649.89

Exhibit E

Report on Special Investigation of the
City of Adair

Car Washes in the Auto Splash Automatic Wash Bay
For the period January 1, 2007 through July 31, 2010

Card Number	Date	Time	Amount
XXXXX1016	Monday, April 07, 2008	03:32:51 PM	\$ 8.00
	Wednesday, April 16, 2008	08:54:40 AM	8.00
	Wednesday, April 16, 2008	09:05:37 AM	8.00
	Wednesday, April 16, 2008	12:39:11 PM	8.00
	Saturday, April 19, 2008	12:59:23 PM	8.00
	Monday, April 21, 2008	09:57:38 AM	6.00
	Thursday, April 24, 2008	06:12:20 PM	8.00
	Sunday, May 04, 2008	01:48:21 PM	8.00
	Sunday, May 04, 2008	01:48:58 PM	8.00
	Monday, May 05, 2008	01:14:44 PM	8.00
	Friday, May 09, 2008	01:17:50 PM	8.00
	Tuesday, May 13, 2008	07:32:14 AM	7.00
	Saturday, May 17, 2008	02:33:19 PM	8.00
	Saturday, May 17, 2008	03:16:18 PM	7.00
	Friday, May 30, 2008	03:42:50 PM	7.00
	Tuesday, June 03, 2008	02:51:13 PM	8.00
	Tuesday, June 03, 2008	03:11:38 PM	7.00
	Friday, June 06, 2008	10:05:03 AM	8.00
	Sunday, June 15, 2008	02:23:52 PM	8.00
	Sunday, June 15, 2008	02:54:09 PM	8.00
	Saturday, June 21, 2008	11:26:58 AM	7.00
	Saturday, June 28, 2008	09:43:49 AM	8.00
	Saturday, June 28, 2008	09:55:46 AM	8.00
	Monday, June 30, 2008	07:51:12 AM	8.00
	Tuesday, July 08, 2008	01:41: 24PM	8.00
	Tuesday, July 08, 2008	01:53:32 PM	8.00
	Friday, July 11, 2008	04: 04:38 PM	8.00
	Sunday, July 13, 2008	07:18:51 AM	8.00
	Saturday, July 19, 2008	07:30:16 AM	7.00
	Saturday, July 19, 2008	07:42:31 AM	7.00
	Saturday, July 19, 2008	07:53:53 AM	7.00

Report on Special Investigation of the
City of Adair

Car Washes in the Auto Splash Automatic Wash Bay
For the period January 1, 2007 through July 31, 2010

Card Number	Date	Time	Amount
	Wednesday, July 30, 2008	07:47:37 PM	7.00
	Wednesday, July 30, 2008	08:09:54 PM	7.00
	Saturday, August 02, 2008	08:42:17 AM	8.00
	Thursday, August 07, 2008	07:26:18 PM	7.00
	Monday, August 11, 2008	02:46:45 PM	8.00
	Friday, August 15, 2008	04:43:42 PM	8.00
	Monday, August 18, 2008	04:30:26 PM	8.00
	Friday, August 22, 2008	11:26:41 AM	8.00
	Friday, August 22, 2008	01:55:10 PM	8.00
	Friday, August 22, 2008	02:33:15 PM	8.00
	Saturday, August 23, 2008	09:00:28 AM	8.00
	Tuesday, August 26, 2008	07:25:02 PM	8.00
	Friday, August 29, 2008	03:58:42 PM	8.00
	Saturday, August 30, 2008	08:30:42 AM	8.00
	Friday, September 05, 2008	07:55:38 AM	8.00
	Monday, September 15, 2008	02:26:09 PM	8.00
	Monday, September 15, 2008	02:41:44 PM	8.00
	Thursday, September 18, 2008	01:04:26 PM	8.00
	Tuesday, September 30, 2008	01:27: 25 PM	8.00
	Tuesday, September 30, 2008	02:09:18 PM	8.00
	Wednesday, October 01, 2008	01:05:52 PM	8.00
	Sunday, October 05, 2008	11:23:34 AM	8.00
	Monday, October 06, 2008	10:19:23 AM	8.00
	Wednesday, October 08, 2008	06:51:31 PM	8.00
	Tuesday, October 14, 2008	08:02:52 AM	8.00
	Wednesday, October 15, 2008	05:41:32 PM	8.00
	Saturday, October 25, 2008	10:03:59 AM	8.00
	Saturday, October 25, 2008	10:40:59 AM	8.00
	Friday, October 31, 2008	05:18:19 PM	8.00
	Saturday, November 15, 2008	04:40:58 PM	8.00

Exhibit E

Report on Special Investigation of the
City of Adair

Car Washes in the Auto Splash Automatic Wash Bay
For the period January 1, 2007 through July 31, 2010

Card Number	Date	Time	Amount
	Monday, November 17, 2008	03:22:50 PM	8.00
	Wednesday, November 19, 2008	12:36:07 PM	8.00
	Wednesday, November 19, 2008	05:05:02 PM	8.00
	Monday, November 24, 2008	08:02:04 AM	8.00
	Saturday, December 06, 2008	02:55:36 PM	8.00
	Saturday, December 06, 2008	03:22:39 PM	8.00
	Monday, December 08, 2008	08:22:46 AM	8.00
	Friday, December 12, 2008	07:07:34 PM	8.00
	Friday, December 12, 2008	07:21:29 PM	8.00
	Thursday, December 18, 2008	02:24:07 PM	8.00
	Thursday, December 25, 2008	10:26:42 AM	8.00
	Thursday, December 25, 2008	10:57:41 AM	8.00
	Thursday, December 25, 2008	11:20:18 AM	8.00
	Wednesday, December 31, 2008	01:14:12 PM	8.00
	Wednesday, December 31, 2008	02:23:38 PM	8.00
	Sunday, January 18, 2009	06:15:12 PM	8.00
	Tuesday, January 20, 2009	02:22:42 PM	8.00
	Tuesday, January 20, 2009	02:57:30 PM	8.00
	Thursday, January 29, 2009	02:44:12 PM	8.00
	Thursday, January 29, 2009	03:02:56 PM	8.00
	Thursday, January 29, 2009	03:13:27 PM	8.00
	Thursday, January 29, 2009	03:26:16 PM	7.00
	Thursday, January 29, 2009	03:33:19 PM	8.00
	Thursday, January 29, 2009	03:48:41 PM	8.00
	Friday, January 30, 2009	02:16:39 PM	8.00
	Sunday, February 01, 2009	07:10:37 PM	8.00
	Sunday, February 01, 2009	07:19:39 PM	7.00
	Wednesday, February 04, 2009	02:05:22 PM	8.00
	Saturday, February 07, 2009	09:44:00 AM	8.00
	Tuesday, February 10, 2009	04:42:59 PM	8.00
	Thursday, February 12, 2009	02:28:56 PM	8.00

Report on Special Investigation of the
City of Adair

Car Washes in the Auto Splash Automatic Wash Bay
For the period January 1, 2007 through July 31, 2010

Card Number	Date	Time	Amount
	Sunday, February 15, 2009	08:29:38 AM	8.00
	Friday, February 20, 2009	09:51:13 AM	8.00
	Tuesday, February 24, 2009	03:20:47 PM	8.00
	Wednesday, March 04, 2009	08:11:33 AM	8.00
	Wednesday, March 04, 2009	07:01:47 PM	8.00
	Friday, March 06, 2009	01:39:00 PM	8.00
	Tuesday, March 10, 2009	03:21:40 PM	8.00
	Friday, March 13, 2009	05:32:38 PM	8.00
	Monday, March 16, 2009	12:22:13 PM	8.00
	Monday, March 16, 2009	11:13:14AM	8.00
	Tuesday, March 17, 2009	02:18:50 PM	8.00
	Wednesday, March 18, 2009	01:05:19 PM	8.00
	Saturday, March 21, 2009	06:24:59 PM	8.00
	Sunday, March 22, 2009	01:44:30 PM	8.00
	Sunday, March 29, 2009	03:50:37 PM	7.00
	Sunday, March 29, 2009	04:06:43 PM	7.00
	Sunday, March 29, 2009	04:20:04 PM	7.00
	Saturday, April 11, 2009	08:54:49 AM	8.00
	Saturday, April 11, 2009	09:41:09 AM	7.00
	Tuesday, April 14, 2009	08:07:22 AM	7.00
	Tuesday, April 14, 2009	02:34:31 PM	8.00
	Tuesday, April 21, 2009	07:16:42 PM	8.00
	Tuesday, April 21, 2009	06:53:12 PM	8.00
	Thursday, April 30, 2009	02:51:43 PM	7.00
	Friday, May 01, 2009	03:22:33 PM	8.00
	Saturday, May 02, 2009	02:41:38 PM	8.00
	Sunday, May 03, 2009	07:51:22 PM	8.00
	Sunday, May 03, 2009	09:56:08 AM	7.00
	Thursday, May 07, 2009	03:21:35 PM	8.00
	Thursday, May 07, 2009	02:59:56 PM	8.00
	Thursday, May 07, 2009	05:16:30 PM	7.00

Exhibit E

Report on Special Investigation of the
City of Adair

Car Washes in the Auto Splash Automatic Wash Bay
For the period January 1, 2007 through July 31, 2010

Card Number	Date	Time	Amount
	Thursday, May 07, 2009	05:37:17 PM	8.00
	Saturday, May 09, 2009	11:16:14 AM	8.00
	Monday, May 11, 2009	06:18:24 PM	8.00
	Wednesday, May 13, 2009	08:06:50 PM	8.00
	Saturday, May 16, 2009	12:05:19 PM	8.00
	Saturday, May 16, 2009	12:48:35 PM	8.00
	Saturday, May 23, 2009	02:22:38 PM	8.00
	Sunday, May 31, 2009	09:39:09 AM	8.00
	Thursday, June 04, 2009	03:59:11 PM	8.00
	Saturday, June 06, 2009	03:40:38 PM	8.00
	Monday, June 15, 2009	10:23:56 AM	8.00
	Sunday, July 05, 2009	09:25:08 AM	8.00
	Sunday, July 12, 2009	03:32:26 PM	8.00
	Sunday, July 12, 2009	03:54:25 PM	8.00
	Sunday, July 12, 2009	04:17:35 PM	8.00
	Thursday, July 16, 2009	07:30:22 PM	8.00
	Tuesday, July 21, 2009	05:01:24 PM	8.00
	Thursday, July 30, 2009	03:21:55 PM	8.00
	Saturday, August 01, 2009	09:23:20 AM	8.00
	Saturday, August 01, 2009	09:36:22 AM	8.00
	Monday, August 03, 2009	09:20:52 AM	8.00
	Monday, August 03, 2009	12:24:38 PM	8.00
	Saturday, August 08, 2009	01:33:16 PM	8.00
	Saturday, August 08, 2009	02:47:25 PM	8.00
	Wednesday, August 12, 2009	04:45:53 PM	8.00
	Sunday, August 23, 2009	12:03:50 PM	8.00
	Sunday, August 23, 2009	06:47:12 PM	8.00
	Monday, August 24, 2009	07:29:53 PM	8.00
	Friday, August 28, 2009	08:02:17 AM	8.00
	Friday, August 28, 2009	08:11:32 AM	8.00
	Friday, August 28, 2009	04:22:17 PM	8.00

Report on Special Investigation of the
City of Adair

Car Washes in the Auto Splash Automatic Wash Bay
For the period January 1, 2007 through July 31, 2010

Card Number	Date	Time	Amount
	Sunday, August 30, 2009	03:22:55 PM	8.00
	Sunday, August 30, 2009	03:36:03 PM	8.00
	Monday, September 07, 2009	09:28:53 AM	8.00
	Saturday, September 12, 2009	04:16:13 PM	8.00
	Sunday, September 13, 2009	05:18:22 PM	8.00
	Wednesday, September 16, 2009	09:15:26 AM	8.00
	Friday, September 18, 2009	03:44:01 PM	8.00
	Tuesday, September 22, 2009	02:51:06 PM	8.00
	Tuesday, September 22, 2009	03:16:48 PM	8.00
	Sunday, September 27, 2009	11:15:58 AM	8.00
	Monday, September 28, 2009	06:45:56 PM	8.00
	Wednesday, October 14, 2009	11:27:34 AM	8.00
	Sunday, October 18, 2009	09:40:36 AM	8.00
	Sunday, October 18, 2009	05:20:06 PM	8.00
	Sunday, October 18, 2009	06:37:10 PM	8.00
	Monday, November 02, 2009	04:11:53 PM	8.00
	Monday, November 02, 2009	04:33:00 PM	8.00
	Monday, November 09, 2009	03:20:07 PM	8.00
	Monday, November 09, 2009	05:33:29 PM	8.00
	Thursday, November 19, 2009	12:23:45 PM	8.00
	Friday, November 20, 2009	01:34:10 PM	8.00
	Friday, November 20, 2009	01:42:45 PM	8.00
	Friday, November 27, 2009	10:55:18 AM	8.00
	Saturday, November 28, 2009	11:59:17 AM	8.00
	Saturday, November 28, 2009	12:15:48 PM	8.00
	Saturday, November 28, 2009	03:00:47 PM	8.00
	Wednesday, December 16, 2009	04:42:22 PM	8.00
	Thursday, December 17, 2009	04:21:23 PM	8.00
	Friday, December 18, 2009	02:57:31 PM	8.00
	Monday, January 11, 2010	05:59:42 PM	8.00
	Monday, January 11, 2010	08:45:10 PM	8.00

Exhibit E

Report on Special Investigation of the
City of AdairCar Washes in the Auto Splash Automatic Wash Bay
For the period January 1, 2007 through July 31, 2010

Card Number	Date	Time	Amount
	Sunday, January 24, 2010	03:03:24 PM	8.00
	Sunday, January 24, 2010	03:16:16 PM	8.00
	Sunday, January 24, 2010	03:25:34 PM	8.00
	Saturday, January 30, 2010	01:56:06 PM	8.00
	Thursday, February 04, 2010	02:44:21 PM	8.00
	Thursday, February 04, 2010	03:36:51 PM	8.00
	Thursday, February 04, 2010	03:46:18 PM	8.00
	Thursday, February 04, 2010	03:54:30 PM	8.00
	Thursday, February 04, 2010	04:15:18 PM	8.00
	Saturday, February 13, 2010	02:04:36 PM	8.00
	Saturday, February 13, 2010	02:30:51 PM	8.00
	Friday, February 26, 2010	02:28:43 PM	8.00
	Friday, February 26, 2010	02:41:03 PM	8.00
	Friday, February 26, 2010	03:06:14 PM	8.00
	Friday, March 05, 2010	12:04:00 PM	8.00
	Friday, March 05, 2010	12:19:04 PM	8.00
	Wednesday, March 10, 2010	04:11:22 PM	8.00
	Wednesday, March 10, 2010	04:31:37 PM	8.00
	Saturday, March 13, 2010	09:05:34 AM	8.00
	Saturday, March 13, 2010	09:18:02 AM	8.00
	Saturday, March 13, 2010	10:35:42 AM	8.00
	Wednesday, March 17, 2010	01:51:07 PM	8.00
	Sunday, March 21, 2010	10:14:32 AM	8.00
	Monday, March 22, 2010	06:31:24 PM	8.00
	Monday, March 22, 2010	07:08:13 PM	8.00
	Thursday, March 25, 2010	07:15:41 AM	8.00
	Thursday, March 25, 2010	03:44:18 PM	8.00
	Thursday, March 25, 2010	03:59:15 PM	8.00
	Friday, March 26, 2010	07:07:59 PM	8.00
	Tuesday, March 30, 2010	06:47:10 PM	8.00
	Tuesday, March 30, 2010	07:01:47 PM	8.00

Report on Special Investigation of the
City of Adair

Car Washes in the Auto Splash Automatic Wash Bay
For the period January 1, 2007 through July 31, 2010

Card Number	Date	Time	Amount
	Thursday, April 15, 2010	09:14:31 AM	8.00
	Sunday, April 18, 2010	01:44:41 PM	8.00
	Monday, April 19, 2010	03:10:19 PM	8.00
	Thursday, April 22, 2010	04:55:29 PM	8.00
	Monday, April 26, 2010	06:42:15 PM	8.00
	Tuesday, April 27, 2010	08:29:56 PM	8.00
	Wednesday, April 28, 2010	11:57:39 AM	8.00
	Wednesday, April 28, 2010	02:13:40 PM	8.00
	Saturday, May 01, 2010	09:24:31 AM	8.00
	Monday, May 03, 2010	05:55:00 PM	8.00
	Monday, May 10, 2010	08:34:01 AM	8.00
	Friday, May 14, 2010	11:20:22 AM	8.00
	Saturday, May 15, 2010	10:10:43 AM	8.00
	Friday, May 21, 2010	12:30:26 PM	8.00
	Friday, May 21, 2010	03:51:21 PM	8.00
	Sunday, May 23, 2010	12:27:19 PM	8.00
	Friday, May 28, 2010	08:45:36 AM	8.00
	Friday, May 28, 2010	09:27:10 AM	8.00
	Thursday, June 03, 2010	08:46:24 AM	8.00
	Thursday, June 03, 2010	09:02:23 AM	8.00
	Friday, June 04, 2010	09:59:10 AM	8.00
	Saturday, June 12, 2010	03:31:18 PM	8.00
	Saturday, June 12, 2010	03:48:39 PM	8.00
	Wednesday, June 16, 2010	07:46:54 AM	8.00
	Monday, June 28, 2010	04:17:56 PM	8.00
	Monday, June 28, 2010	04:36:02 PM	8.00
	Monday, June 28, 2010	05:34:28 PM	8.00
	Thursday, July 08, 2010	08:12:31 AM	8.00
	Thursday, July 08, 2010	08:43:44 AM	8.00
	Tuesday, July 13, 2010	10:01:43 AM	8.00
	Friday, July 16, 2010	02:27:33 PM	8.00

Exhibit E

Report on Special Investigation of the
City of Adair

Car Washes in the Auto Splash Automatic Wash Bay
For the period January 1, 2007 through July 31, 2010

Card Number	Date	Time	Amount
	Friday, July 16, 2010	02:49:05 PM	8.00
	Saturday, July 17, 2010	07:57:10 AM	7.00
	Saturday, August 07, 2010 *	09:47:10 AM	8.00
			<u>1,976.00</u>
XXXX1017	Tuesday, November 10, 2009	03:06:17 PM	5.00
	Wednesday, March 31, 2010	01:34:59 PM	7.00
	Saturday, April 03, 2010	01:30:10 PM	6.00
			<u>18.00</u>
XXXX1018	Sunday, April 20, 2008	03:04:15 PM	8.00
	Sunday, May 25, 2008	08:09:59 AM	8.00
			<u>16.00</u>
XXXX1020	Sunday, October 25, 2009	07:34:38 PM	8.00
	Thursday, November 05, 2009	04:04:23 PM	7.00
	Tuesday, November 24, 2009	10:11:04 PM	5.00
	Sunday, December 20, 2009	09:45:02 PM	6.00
	Wednesday, January 27, 2010	10:29:24 PM	6.00
	Sunday, March 07, 2010	09:27:25 PM	7.00
	Sunday, March 14, 2010	10:01:34 PM	7.00
	Sunday, March 21, 2010	10:07:54 PM	7.00
	Tuesday, April 13, 2010	08:00:36 PM	6.00
	Monday, April 19, 2010	07:34:51 AM	6.00
	Sunday, April 25, 2010	09:54:48 AM	8.00
	Tuesday, June 15, 2010	10:07:20 PM	7.00
			<u>80.00</u>
Total			<u><u>\$ 2,090.00</u></u>

* - Credit card was active until August 11, 2010 and City staff members do not know who held the individual credit cards or the location of all credit cards.

**Special Investigation of the
City of Adair**

Report on Special Investigation of the
City of Adair

Payments to Northern Tool and Equipment
For the period January 1, 2007 through July 31, 2010

Per Check Image				Per Northern Tools Invoices			
Check Date	Check Number	Payee	Amount	Purchase Date	Authorized Buyer	Ship To	Item Description
01/17/07	36590	HSBC Business Solutions	\$ 205.49	01/02/07	<i>Not specified</i>	<i>Not specified</i>	Tool box wrench organizer 8 pc Metrc univ joint impact Impact sockets, 1/2" universal Tie off for e track 2"x7" 2 pk Tie off for e track 2"x7" 2 pk 1/2" drive metric socket tray 1/2" drive std socket tray 3/8" drive metric socket tray 1/4" drive metric socket tray 1/4" drive std socket tray 3/8" drive std socket tray 9" long nose plier-vise grip 7" vise grip pliers 1/2"x18" hd solid punch Tax
04/26/07	36899	HSBC Business Solutions	216.56	04/13/07	<i>Not specified</i>	Terry Nichols	11 pc met deep impact socket 1/2" dr. 19mm socket 1/2"dr. 16mm socket 8mm socket 3/8 dr, 18mm socket 7mm socket 3/8dr, 9mm deep socket 1/2" dr. 22mm socket 1/2" dr. 21mm socket 3/8dr, 16mm deep socket 3/8dr, 18mm deep socket 3/8 dr, 8mm deep socket 1/2" dr, 20mm socket 1/2" dr. ir thunder gun

Price	Reasonable	Improper
\$ 12.99	-	12.99
25.99	-	25.99
25.99	-	25.99
9.99	-	9.99
9.99	-	9.99
11.99	-	11.99
11.99	-	11.99
11.99	-	11.99
11.99	-	11.99
11.99	-	11.99
11.99	-	11.99
13.99	-	13.99
11.99	-	11.99
10.99	-	10.99
11.63	-	11.63
19.99	-	19.99
2.39	-	2.39
2.29	-	2.29
1.19	-	1.19
1.39	-	1.39
1.19	-	1.19
2.39	-	2.39
2.69	-	2.69
2.59	-	2.59
2.79	-	2.79
2.89	-	2.89
2.29	-	2.29
2.49	-	2.49
169.99	-	169.99

Report on Special Investigation of the
City of Adair

Payments to Northern Tool and Equipment
For the period January 1, 2007 through July 31, 2010

Per Check Image				Per Northern Tools Invoices			
Check Date	Check Number	Payee	Amount	Purchase Date	Authorized Buyer	Ship To	Item Description
09/03/07	37353	HSBC Business Solutions	215.43	08/16/07	Not specified	Not specified	5/16" x 14' Tow Chain Tow Chain 3/8" x 16' GR 43 7 pc brad point drill bit set IR 2" surface prep kit Tire gauge dual chuck truck Axle strap 21" red Axle strap 21" red Axle strap 21" red Axle strap 21" red Dual air chuck Light kit standard led trailer 4 pc chisel set 1/4-5/16"P7 clevis grab hook 1/4-5/16"P7 clevis grab hook 1/4-5/16"P7 clevis grab hook 1/4-5/16"P7 clevis grab hook Tax
10/02/07	37468	HSBC Business Solutions	448.30	09/21/07	Not specified	Not specified	12 Volt Power Unit Hitch Pin 5/8" Hitch Pin 5/8" Dual Air chuck Milton Pen Style Air Gauge Ball Mount 0 rise 2" drop Ball 2-5/16" x 1" x 2-1/8" chrome Shop towel 6-pk Tax

Price	Reasonable	Improper
14.99	-	14.99
34.99	-	34.99
7.99	-	7.99
19.99	-	19.99
6.59	-	6.59
7.19	-	7.19
7.19	-	7.19
7.19	-	7.19
7.19	-	7.19
6.99	-	6.99
49.99	-	49.99
6.99	-	6.99
6.49	-	6.49
6.49	-	6.49
6.49	-	6.49
6.49	-	6.49
12.19	-	12.19
359.99	-	359.99
3.99	-	3.99
3.99	-	3.99
6.99	-	6.99
4.99	-	4.99
14.99	-	14.99
12.99	-	12.99
14.99	-	14.99
25.38	-	25.38

Report on Special Investigation of the
City of Adair

Payments to Northern Tool and Equipment
For the period January 1, 2007 through July 31, 2010

Per Check Image				Per Northern Tools Invoices			
Check Date	Check Number	Payee	Amount	Purchase Date	Authorized Buyer	Ship To	Item Description
03/25/08	38010	HSBC Business Solutions	138.61	03/13/08	Linda Nichols	<i>Not specified</i>	1/2"18" Flex Handle 3 pc 1/4" male air plug 16" Plier water pump 11/16" Flex Combo Gearwrench 14mm flex combo gearwrench 18mm flex combo gearwrench 16mm flex combo gearwrench 1/2" Dr. 10" dual position ext 1/2" Dr. 5" dual position ext
10/01/08	38685	HSBC Business Solutions	87.33	09/23/08	<i>Not specified</i>	<i>Not specified</i>	1/2"18" Flex handle 1/2DR 18mm deep socket 1/2" dr 5" dual position ext 1/2" dr 10" dual position ext 1/2" dr 3/4" deep socket 1/2" dr 18mm socket Light LED amber side marker Light LED red side marker Light LED amber side marker Light LED red side marker 12 pc Jumbo hex key set Tax
10/21/08	38751	HSBC Business Solutions	302.36	10/09/08	<i>Not specified</i>	<i>Not specified</i>	DOT contrast vest L+XL DOT contrast vest L+XL CAT Green safety vest 2XL CAT Green safety vest 2XL 24 pc Hex Key Set File set 17 pc Airblow gun w/2 ft ext & tip 045 Dead Blow Hammer

Price	Reasonable	Improper
14.99	-	14.99
2.99	-	2.99
20.99	-	20.99
21.99	-	21.99
20.99	-	20.99
24.99	-	24.99
22.99	-	22.99
4.99	-	4.99
3.69	-	3.69
14.99	-	14.99
2.99	-	2.99
3.69	-	3.69
4.99	-	4.99
2.99	-	2.99
2.79	-	2.79
7.99	-	7.99
7.99	-	7.99
7.99	-	7.99
7.99	-	7.99
17.99	-	17.99
4.94 *	-	4.94
23.99	23.99	-
23.99	23.99	-
19.99	19.99	-
19.99	19.99	-
21.99	-	21.99
19.99	-	19.99
8.99	-	8.99
10.99	-	10.99

Report on Special Investigation of the
City of Adair

Payments to Northern Tool and Equipment
For the period January 1, 2007 through July 31, 2010

Per Check Image				Per Northern Tools Invoices			
Check Date	Check Number	Payee	Amount	Purchase Date	Authorized Buyer	Ship To	Item Description
							Wire stripper/crimper 10-22 awg
							12 pk denim palm glove large
							5 pk grinding wheel
							Light LED amber side marker
							Light LED amber side marker
							Light red LED light bar sealed
							2000lb utility elec. Winch
07/23/09	39774	HSBC Business Solutions	169.99	07/14/09	Not specified	Not specified	2.5 Ton Alum/Steel Race Jack
08/07/09	39831	HSBC Business Solutions	105.11	07/28/09	Linda Nichols	Terry Nichols	1/2" Dr 14mm deep impact skts
							1/2" Dr 18mm impact socket
							1/2" Dr. 15mm impact socket
							1/2" Dr 12mm deep impact skts
							1/2" Dr 15mm deep impact
							1/2" Dr 18mm deep impact
							Torex bit set 13pc tamper resis
							3/8"x25' 4000 PSI PW hose
							Combo wrench sae/metric 32pc
09/14/09	39971	HSBC Business Solutions	337.96	09/08/09	Not specified	Terry Nichols	2"x2.5" Tapered Buffing Pad
							2"x2" Buffing Cylinder w/Arbor
							Strut Coil Spring Compressor
							18V 1/2" Impact Wrench-Cordless
09/25/09	40002	HSBC Business Solutions	299.21	09/15/09	Linda Nichols	Terry Nichols	Jumpstart w/ Compressor
							6T 9L Sawzall blade
							18T 6LG Sawzall 5pk
							10pc 1/4" male coupler plug
							5pc 1/4" female coupler
							Utility knife: hi-visibility
							Icebit Insert bit #2 phillips
							1/4" x 2-9/16" Magne
							3# Sledge Hammer
							12pc Met Flex Ratcheting Wrench

Price	Reasonable	Improper
24.99	-	24.99
13.99	-	13.99
7.50	-	7.50
7.99	-	7.99
7.99	-	7.99
19.99	-	19.99
69.99	-	69.99
169.99	-	169.99
3.49	-	3.49
3.09	-	3.09
2.79	-	2.79
3.49	-	3.49
3.39	-	3.39
3.89	-	3.89
9.99	-	9.99
44.99	44.99	-
29.99	-	29.99
3.99	-	3.99
3.99	-	3.99
29.99	-	29.99
299.99	-	299.99
89.99	-	89.99
15.99	-	15.99
11.99	-	11.99
10.99	-	10.99
17.99	-	17.99
7.49	-	7.49
7.29	-	7.29
2.99	-	2.99
10.99	-	10.99
79.99	-	79.99

Report on Special Investigation of the
City of Adair

Payments to Northern Tool and Equipment
For the period January 1, 2007 through July 31, 2010

Per Check Image				Per Northern Tools Invoices			
Check Date	Check Number	Payee	Amount	Purchase Date	Authorized Buyer	Ship To	Item Description
							R134A Recharge Hose
							5 pk hook blades
							Icebit Insert bit #2 phillips
							R134A-12oz
							R134A-12oz
							2.5lb drilling hammer
11/04/09	40194	HSBC Business Solutions	619.98	10/27/09	Linda Nichols	Terry Nichols	75000BTU LP Garage Heater
							4" Horizontal Vent Kit
12/28/09	40353	HSBC Business Solutions	684.97	12/15/09	Linda Nichols	Terry Nichols	Air Line Filter
							28000 Double Heater
							Vert Comp 60 Gal 3 HP
06/01/10	40922	HSBC Business Solutions	592.06	05/18/10	<i>Not specified</i>	Terry Nichols	Ratchet-Quick Release-Teardrop
							42" Bolt Cutter
							6pc L SAE Hex Bit Socket Set
							7pc L MM Hex Bit Socket Set
							13 pc Titanium Drill Bit
							3pc Vise Grip set w/pkt Knife
							055 Dead Blow Hammer
							3# Sledge Hammer
							13 pc Ball End Hex Key Set
							8pc Hex T-Handle Set
							Hang All Brackets-Bulk
							Hang All Brackets-Bulk
							Hang All Brackets-Bulk
							Power Extension Bars 3 pc Set
							X-long Neodymium Pick up w/LOC
							Screw Extractor 5pc #1-#5
							Screw Extractor 5pc #1-#5

Price	Reasonable	Improper
9.98	-	9.98
3.29	-	3.29
7.29	-	7.29
5.98	-	5.98
5.98	-	5.98
10.99	-	10.99
499.99	-	499.99
119.99	-	119.99
34.99	-	34.99
89.99	-	89.99
559.99	-	559.99
9.29	-	9.29
39.99	-	39.99
44.98	-	44.98
44.98	-	44.98
29.99	-	29.99
29.99	-	29.99
14.99	-	14.99
10.99	-	10.99
19.99	-	19.99
21.99	-	21.99
4.99	-	4.99
4.99	-	4.99
4.99	-	4.99
4.99	-	4.99
9.98	-	9.98
7.99	-	7.99
7.99	-	7.99

Report on Special Investigation of the
City of Adair

Payments to Northern Tool and Equipment
For the period January 1, 2007 through July 31, 2010

Per Check Image				Per Northern Tools Invoices			
Check Date	Check Number	Payee	Amount	Purchase Date	Authorized Buyer	Ship To	Item Description
							10pc 3/8" Dr. mm Hex Bit Set
							2 - Multi-level Park Gr
06/07/10	40948	HSBC Business Solutions	360.39	05/27/10	-	-	18V 1/2" Wrench-Cordless
							Tax
Total			<u>\$ 4,783.75</u>				

* - Based on documentation from Northern Tool and Equipment, the \$4.94 of sales tax was refunded. However, we were unable to identify where the refund was deposited to the City's account. As a result, the tax has been included in the **Exhibit**.

Price	Reasonable	Improper
12.98	-	12.98
265.98	-	265.98
339.99	-	339.99
20.40	-	20.40
\$ 4,783.75	132.95	4,650.80

Report on Special Investigation of the
City of Adair

Payments to Orscheln Farm & Home
For the period January 1, 2007 through July 31, 2010

Per Check Image			Per Orscheln Receipts			
Check Date	Check Number	Amount	Date	Signer	Description	Amount
01/23/07	36601	\$ 68.54			<i>No Receipts</i>	\$ 68.54
04/20/07	36884	312.48			<i>No Receipts</i>	312.48
06/21/07	37101	112.35			<i>No Receipts</i>	112.35
07/24/07	37215	132.54	06/22/07	Terry Nichols	Cage Trap 12x10x32	39.99
					Cage Trap 12x10x32	39.99
					24 Oil Phillips Tropicart 5W30 QT	52.56
09/27/07	37422	126.22	08/23/07	Andrew Lehman	Jacket active med blk	64.99
					Socks 6 pk thermal boot	8.99
					Jeans 13mwz 40x30 blu	21.99
					Jeans 13mwz 40x30 blu	21.99
					Tax	8.26
11/27/07	37643	12.78	10/26/07	Andrew Lehman	6 Antifreeze rv 1 gal	11.94
					Tax	0.84
12/28/07	37747	83.34	11/15/07	Terry Nichols	12 Oil Valvo Prem Convent 5W30 QT	29.88
					Pipe nipple 1-1/2 x close galv	1.99
					Pipe nipple 1-1/2 x close galv	1.99
					Coupler kit 5 pc m style	10.99
					Valve full port ball 600 PSI	38.49
02/27/08	37938	66.35	01/18/08	Terry Nichols	Oil Stabilizer Lucas heavy dut	8.99
					24 Oil Phillips Tropicart 5W30 QT	57.36
06/27/08	38341	87.44	05/27/08	Andrew Lehman	Shovel lhrp wood	7.99
					2.5 in brass fold wrench	7.49
					Jeans 13mwz 40x30 blu	17.99
					Jeans 13mwz 40x30 blu	17.99
					Jeans 13mwz 40x30 blu	17.99
					Jeans 13mwz 40x30 blu	17.99
08/21/08	38538	163.41	08/13/08	Terry Nichols	Scott rags in a box white	11.99
					Oil Mystik JT-7 80W90 2 gal	27.99
					Ball mount kit blk 2in drop	22.99
					36 Oil Valvo Prem Convent 5W30 QT	100.44

Reasonable	Improper	Unsupported
-	-	68.54
-	-	312.48
-	-	112.35
-	39.99	-
-	39.99	-
-	52.56	-
64.99	-	-
8.99	-	-
21.99	-	-
21.99	-	-
-	8.26	-
11.94	-	-
-	0.84	-
-	29.88	-
-	1.99	-
-	1.99	-
-	10.99	-
-	38.49	-
-	8.99	-
-	57.36	-
7.99	-	-
7.49	-	-
17.99	-	-
17.99	-	-
17.99	-	-
17.99	-	-
-	11.99	-
-	27.99	-
-	22.99	-
-	100.44	-

Report on Special Investigation of the
City of Adair

Payments to Orscheln Farm & Home
For the period January 1, 2007 through July 31, 2010

Per Check Image			Per Orscheln Receipts			
Check Date	Check Number	Amount	Date	Signer	Description	Amount
09/25/08	38668	178.86	09/08/08	Terry Nichols	Chain #2/0 passing link electr 6ft	12.42
					Fuse mini assortment	4.49
					Batt ato grp 78-84 mon	82.99
					24 Oil phillips tropartic 5W30 Qt	78.96
10/21/08	38756	353.50	08/22/08	Terry Nichols	Emry cloth 10 yds 320 grit	5.29
					Emry cloth 10 yds 180 grit	5.29
					Wheel coarse narrow crimp 6in	11.99
					Strap ratchet 10ft soft grip	18.99
					Oil Stablizer lucas heavy dut	10.99
					Scott rags in a box white	11.99
					36 Oil Valvo Prem convent 5W30 QT	100.44
					<i>No Receipts</i>	188.52
11/19/08	38870	65.65	11/13/08	Ryan Billheimer	Thermal pant lge poly/cotton	11.49
					Thermal shirt xl poly/cotton	11.49
					Camp dry mink oil 6 oz	5.69
					Olan 34x32 rtp ____	29.99
					Healthy feet crème 3.2 oz	6.99
12/29/08	39028	104.68			<i>No Receipts</i>	104.68
01/22/09	39125	83.96	12/15/08	Terry Nichols	4 Kerosene 2 1/2 Gallons	83.96
04/01/09	39364	210.33	03/21/09	Terry Nichols	Oil Stablizer lucas heavy dut	10.99
					Ring ____ off e-track 600lb	6.69
					Ring ____ off e-track 600lb	6.69
					Strap ____ off 4000lb 2x8	6.99
					Strap ____ off 4000lb 2x8	6.99
					Scott rags in a box white	12.99
					E-track 2ft	54.95
					24 oil valvo prem convent 5W30 QT	76.56
					12 oil phill tropartic 10w30 QT	27.48

Reasonable	Improper	Unsupported
-	12.42	-
-	4.49	-
-	82.99	-
-	78.96	-
-	5.29	-
-	5.29	-
-	11.99	-
-	18.99	-
-	10.99	-
-	11.99	-
-	100.44	-
-	-	188.52
11.49	-	-
11.49	-	-
5.69	-	-
29.99	-	-
6.99	-	-
-	-	104.68
-	83.96	-
-	10.99	-
-	6.69	-
-	6.69	-
-	6.99	-
-	6.99	-
-	12.99	-
-	54.95	-
-	76.56	-
-	27.48	-

Report on Special Investigation of the
City of Adair

Payments to Orscheln Farm & Home
For the period January 1, 2007 through July 31, 2010

Per Check Image			Per Orscheln Receipts			
Check Date	Check Number	Amount	Date	Signer	Description	Amount
06/18/09	39641	44.17	05/20/09	Ryan Billheimer	Oil valvoline super hpo 30qt	3.19
					Hand spreader handy green II S	12.99
					Wonderlawn mix 15lb lscaper	27.99
10/22/09	40123	233.32	09/15/09	Terry Nichols	24 oil phillips tropartic 5W30 QT	42.96
					2 motor treatment sea foam	15.98
			09/17/09	Terry Nichols	Scott rags in a box white	13.99
					Antifreeze zerex 50-50 ready	5.99
					Antifreeze zerex 50-50 ready	5.99
					36 phillips tropartic 5W30 QT	64.44
					Tax	6.33
			10/06/09	Ryan Billheimer	30 Shop towels blue on a roll	59.70
					6 Antifreeze ct rv 1 gal	17.94
11/20/09	40244	165.89	10/20/09	Ryan Billheimer	Thermal top wht icetex m	10.99
					Thermal drawer lady white s	7.99
					Thermal shirt xl poly/cotton	12.99
					Thermal shirt xl poly/cotton	12.99
					Thermal pant lge poly/cotton	12.99
					Thermal pant lge poly/cotton	12.99
					Thermal drawer mens icetex l	11.99
					Thermal top mens icetex l	11.99
					Jeans 34x32 carpenter vnt ind	31.99
					Jeans 34x32 levis 550-4891	32.99
					Camp dry mink oil 6 oz	5.99
12/22/09	40344	718.74	11/20/09	Terry Nichols	Ball mnt kit 2in blk	22.99
					Driver impact 18v cordless kit	329.99
					Hitch pin/clip 5/bin dalm	4.99
					Batt marine dual 27-12 mon	79.99
					Batt auto grp 34/78dt-72 mon	79.99
					24 oil phillips tropartic 5w30 qt	40.56

Reasonable	Improper	Unsupported
3.19	-	-
12.99	-	-
27.99	-	-
-	42.96	-
-	15.98	-
-	13.99	-
-	5.99	-
-	5.99	-
-	64.44	-
-	6.33	-
59.70	-	-
17.94	-	-
10.99	-	-
7.99	-	-
12.99	-	-
12.99	-	-
12.99	-	-
12.99	-	-
11.99	-	-
11.99	-	-
31.99	-	-
32.99	-	-
5.99	-	-
-	22.99	-
-	329.99	-
-	4.99	-
-	79.99	-
-	79.99	-
-	40.56	-

Report on Special Investigation of the
City of Adair

Payments to Orscheln Farm & Home
For the period January 1, 2007 through July 31, 2010

Per Check Image			Per Orscheln Receipts			
Check Date	Check Number	Amount	Date	Signer	Description	Amount
			12/07/09	Terry Nichols	Batt auto grp 34/78 DT-72 Mon	89.99
					24 oil phillips tropartic 5w30 QT	59.76
					Tax	10.48
05/20/10	40896	130.64	05/06/10	Terry Nichols	Scott rags in a box white	13.99
					Oil phillips tropartic 5w30 QT	32.28
					Oil valvo prem convent 5w30 QT	23.88
					4 R134A refrigerent 12oz	31.96
					2 Zerek ext dex cool rtu gal	19.98
					Tax	8.55
07/21/10	41115	34.99			<i>No Receipts</i>	34.99
Total		<u>\$ 3,490.18</u>				<u>\$ 3,490.18</u>

Reasonable	Improper	Unsupported
-	89.99	-
-	59.76	-
-	10.48	-
-	13.99	-
-	32.28	-
-	23.88	-
-	31.96	-
-	19.98	-
-	8.55	-
-	-	34.99
570.69	2,097.93	821.56

Report on Special Investigation of the
City of Adair

Payments to Menards
For the period January 1, 2007 through July 31, 2010

Per Check Image				Per Menards Receipts		
Check Date	Check Number	Payee	Amount	Sales Date	Description	Amount
11/16/07	37625	Menards	\$ 285.69		<i>No receipts</i>	\$ 285.69
12/08/08	38964	Menards\Green Tree	83.51		<i>No receipts</i>	83.51
03/10/09	39300	Menards\Green Tree	274.75		<i>No receipts</i>	274.75
04/16/09	39427	Menards\Green Tree	431.71		<i>No receipts</i>	431.71
06/29/09	39678	Menards\Green Tree	44.40	06/24/09	5/8"x50' Rubber Hose	19.93
					5/8"x50' Rubber Hose	19.93
					Pump Saver	4.54
08/28/09	39914	Menards\Green Tree	92.00		<i>No receipts</i>	92.00
10/16/09	40108	HSBC Retail Services	574.04	10/15/09	2 4x6-12' AC2 treated	35.94
					13 2x8x12' #2&BTR SPF C	90.74
					2x8x16' #2&BTR SPF C	9.42
					3/4" (23/32) 4'x8' A	143.82
					Great Stuff Gaps	5.76
					12-2 250' NM W/GR WI	54.30
					14-2 250' NM W/GR WI	35.58
					4x6 post anchor	35.88
					3.5x15x32' kft	19.96
					13 2x8 Joist hanger	10.92
					2 wonder pry bar	17.96
					24" Gooseneck rippin	9.88
					36" Gooseneck rippin	11.98
					Door security bar	18.99
					Nail 1-3/4" galv roo	2.74
					Nail 1-1/4" galv roo	6.99
					Nail 1-1/2" galv roo	6.99
					Pepsi	1.43
					Minute Maid Lemondae	1.43
					1/2x6"dbl flute maso	7.96
					Wedge Anchors - 1/2x3	9.90
					<i>Unknown</i>	2.98
					Tax	32.49

Reasonable	Improper	Unsupported
-	-	285.69
-	-	83.51
-	-	274.75
-	-	431.71
19.93	-	-
19.93	-	-
4.54	-	-
-	-	92.00
-	35.94	-
-	90.74	-
-	9.42	-
-	143.82	-
-	5.76	-
-	54.30	-
-	35.58	-
-	35.88	-
-	19.96	-
-	10.92	-
-	17.96	-
-	9.88	-
-	11.98	-
-	18.99	-
-	2.74	-
-	6.99	-
-	6.99	-
-	1.43	-
-	1.43	-
-	7.96	-
-	9.90	-
-	2.98	-
-	32.49	-

Payments to Menards
For the period January 1, 2007 through July 31, 2010

Per Check Image			
Check Date	Check Number	Payee	Amount
12/01/09	40275	Menards\Green Tree	537.88
02/04/10	40513	Menards\Green Tree	40.97
03/03/10	40615	Menards\Green Tree	239.52
04/14/10	40770	Menards\Green Tree	48.93
05/11/10	40864	Menards\Green Tree	19.99
07/21/10	41114	Menards\Green Tree	4.99
Total			\$ 2,678.38

Per Menards Receipts		
Sales Date	Description	Amount
	No receipts	537.88
	No receipts	40.97
	No receipts	239.52
	No receipts	48.93
	No receipts	19.99
	No receipts	4.99
		\$ 2,678.38

Reasonable	Improper	Unsupported
-	-	537.88
-	-	40.97
-	-	239.52
-	-	48.93
-	-	19.99
-	-	4.99
44.40	574.04	2,059.94

Report on Special Investigation of the
City of Adair

Payroll Checks Issued to Terry Nichols Prior to February 25, 2010
For the period January 1, 2007 through July 31, 2010

Check Date	Pay Period	Check Number	Hours Worked Per Payroll Register	Excess Hours
01/03/07	12/27/06 - 01/02/07	36551	18.0	3.0 *
01/10/07	01/03/07 - 01/09/07	36577	12.0	3.0 *
01/17/07	01/10/07 - 01/16/07	36581	20.0	3.0 *
01/24/07	01/17/07 - 01/23/07	36605	15.0	3.0 *
01/31/07	01/24/07 - 01/30/07 x	36616	21.5	3.0 *
02/07/07	01/31/07 - 02/06/07	36655	15.0	3.0 *
02/14/07	02/07/07 - 02/13/07	36672	42.0	3.0 *
02/21/07	02/14/07 - 02/20/07	36676	15.8	3.0 *
02/28/07	02/21/07 - 02/27/07	36698	39.5	3.0 *
03/05/07		36728	50.0	50.0 #
03/07/07	02/28/07 - 03/06/07 x	36732	65.5	25.5 **
03/14/07	03/07/07 - 03/13/07	36767	27.0	3.0 *
03/21/07	03/14/07 - 03/20/07	36776	20.0	5.0 **
03/28/07	03/21/07 - 03/27/07	36795	25.0	10.0 **
04/04/07	03/28/07 - 04/03/07	36832	20.0	5.0 **
04/11/07	04/04/07 - 04/10/07	36863	15.0	3.0 *
04/18/07	04/11/07 - 04/17/07	36875	20.0	3.0 *
04/25/07	04/18/07 - 04/24/07	36888	25.0	5.0 **
05/02/07	04/25/07 - 05/01/07	36921	20.0	3.0 *
05/09/07	05/02/07 - 05/08/07	36947	20.0	3.0 *
05/15/07		36955	25.0	25.0 #
05/16/07	05/09/07 - 05/15/07	36966	20.0	3.0 *
05/23/07	05/16/07 - 05/22/07	36986	15.0	3.0 *
05/30/07	05/23/07 - 05/29/07	36994	15.0	3.0 *
06/05/07		37034	15.0	15.0 #
06/06/07	05/30/07 - 06/05/07	37037	20.0	3.0 *
06/13/07	06/06/07 - 06/12/07 x	37065	53.5	33.5 **
06/19/07	06/13/07 - 06/19/07	37091	15.0	3.0 *
06/25/07	06/20/07 - 06/26/07	37105	24.5	4.5 **

	Hourly Rate	Excess Gross Pay	Employer's Share of		Total
			FICA (7.65%)	IPERS ##	
\$	10.00	30.00	2.30	1.73	34.03
	10.00	30.00	2.30	1.73	34.03
	10.00	30.00	2.30	1.73	34.03
	10.00	30.00	2.30	1.73	34.03
	10.00	30.00	2.30	1.73	34.03
	10.00	30.00	2.30	1.73	34.03
	10.00	30.00	2.30	1.73	34.03
	10.00	30.00	2.30	1.73	34.03
	10.00	30.00	2.30	1.73	34.03
	10.00	500.00	38.25	28.75	567.00
	10.00	255.00	19.51	14.71	289.22
	10.00	30.00	2.30	1.73	34.03
	10.00	50.00	3.83	2.89	56.72
	10.00	100.00	7.65	5.75	113.40
	10.00	50.00	3.83	2.89	56.72
	10.00	30.00	2.30	1.73	34.03
	10.00	30.00	2.30	1.73	34.03
	10.00	50.00	3.83	2.89	56.72
	10.00	30.00	2.30	1.73	34.03
	10.00	30.00	2.30	1.73	34.03
	10.00	250.00	19.13	14.38	283.51
	10.00	30.00	2.30	1.73	34.03
	10.00	30.00	2.30	1.73	34.03
	10.00	30.00	2.30	1.73	34.03
	10.00	150.00	11.48	8.63	170.11
	10.00	30.00	2.30	1.73	34.03
	10.00	335.00	25.63	19.33	379.96
	10.00	30.00	2.30	1.73	34.03
	10.00	45.00	3.44	2.60	51.04

Report on Special Investigation of the
City of Adair

Payroll Checks Issued to Terry Nichols Prior to February 25, 2010
For the period January 1, 2007 through July 31, 2010

Check Date	Pay Period	Check Number	Hours Worked Per Payroll Register	Excess Hours
07/03/07	06/27/07 - 07/03/07	37133	25.0	5.0 **
07/11/07	07/04/07 - 07/10/07	37178	37.0	17.0 **
07/18/07	07/11/07 - 07/17/07	37191	37.0	17.0 **
07/24/07		37202	20.0	20.0 #
07/25/07	07/18/07 - 07/24/07	37225	20.0	3.0 *
08/01/07	07/25/07 - 07/31/07	37258	35.0	15.0 **
08/08/07	08/01/07 - 08/07/07	37281	30.0	10.0 **
08/15/07	08/08/07 - 08/14/07	37302	29.0	9.0 **
08/22/07	08/15/07 - 08/21/07	37315	25.0	5.0 **
08/29/07	08/22/07 - 08/28/07	37333	20.0	3.0 *
09/05/07	08/29/07 - 09/04/07 x	37361	25.0	5.0 **
09/12/07	09/05/07 - 09/11/07	37385	15.0	3.0 *
09/19/07	09/12/07 - 09/18/07	37411	15.0	3.0 *
09/26/07	09/19/07 - 09/25/07	37425	20.0	3.0 *
10/03/07	09/26/07 - 10/02/07 x	37476	31.5	11.5 **
10/10/07	10/03/07 - 10/09/07	37495	15.0	3.0 *
10/16/07	10/10/07 - 10/16/07	37500	15.0	3.0 *
10/24/07	10/17/07 - 10/23/07	37523	15.0	3.0 *
10/31/07	10/24/07 - 10/30/07	37544	15.0	3.0 *
11/06/07	10/31/07 - 11/06/07	37582	11.0	3.0 *
11/14/07	11/07/07 - 11/13/07	37608	15.0	3.0 *
11/21/07	11/14/07 - 11/20/07	37635	20.0	3.0 *
11/28/07	11/21/07 - 11/27/07	37646	15.0	3.0 *
12/05/07	11/28/07 - 12/04/07	37686	20.0	5.0 **
12/12/07	12/05/07 - 12/11/07	37707	20.0	5.0 **
12/19/07	12/12/07 - 12/18/07	37721	20.0	5.0 **
12/26/07	12/19/07 - 12/25/07	37727	20.0	5.0 **
01/02/08	12/26/07 - 01/01/08	37765	20.0	5.0 **
01/09/08	01/02/08 - 01/08/08	37798	15.0	3.0 *
01/16/08	01/09/08 - 01/15/08	37813	20.0	5.0 **

Hourly Rate	Excess Gross Pay	Employer's Share of		Total
		FICA (7.65%)	IPERS ##	
10.00	50.00	3.83	2.89	56.72
10.00	170.00	13.01	9.78	192.79
10.00	170.00	13.01	9.78	192.79
10.00	200.00	15.30	12.10	227.40
10.00	30.00	2.30	1.82	34.12
10.00	150.00	11.48	8.63	170.11
10.00	100.00	7.65	5.75	113.40
10.00	90.00	6.89	5.18	102.07
10.00	50.00	3.83	2.88	56.71
10.00	30.00	2.30	1.82	34.12
10.00	50.00	3.83	2.88	56.71
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	115.00	8.80	6.61	130.41
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	50.00	2.30	1.82	54.12
10.00	50.00	2.30	1.82	54.12
10.00	50.00	2.30	1.82	54.12
10.00	50.00	2.30	1.82	54.12
10.00	50.00	2.30	1.82	54.12
10.00	30.00	2.30	1.82	34.12
10.00	50.00	2.30	1.82	54.12

Report on Special Investigation of the
City of Adair

Payroll Checks Issued to Terry Nichols Prior to February 25, 2010
For the period January 1, 2007 through July 31, 2010

Check Date	Pay Period	Check Number	Hours Worked Per Payroll Register	Excess Hours
01/23/08	01/16/08 - 01/22/08	37830	15.0	3.0 *
01/30/08	01/23/08 - 01/29/08	37846	20.0	5.0 **
02/06/08	01/30/08 - 02/05/08	37879	25.0	10.0 **
02/18/08	02/06/08 - 02/12/08	37888	20.0	5.0 **
02/20/08	02/13/08 - 02/19/08	37916	10.0	3.0 *
02/27/08	02/20/08 - 02/26/08	37922	15.0	3.0 *
03/05/08	02/27/08 - 03/04/08	37968	15.0	3.0 *
03/12/08	03/05/08 - 03/11/08	37984	20.0	5.0 **
03/19/08	03/12/08 - 03/18/08	37999	15.0	3.0 *
03/26/08	03/19/08 - 03/25/08	38017	15.0	3.0 *
04/02/08	03/26/08 - 04/01/08	38042	20.0	5.0 **
04/09/08	04/02/08 - 04/08/08	38087	20.0	3.0 *
04/15/08	04/09/08 - 04/15/08	38102	10.0	3.0 *
04/23/08	04/16/08 - 04/22/08	38119	20.0	3.0 *
04/30/08	04/23/08 - 04/29/08	38135	20.0	3.0 *
05/07/08	04/30/08 - 05/06/08	38175	20.0	3.0 *
05/14/08	05/07/08 - 05/13/08	38198	15.0	3.0 *
05/21/08	05/14/08 - 05/20/08	38214	10.0	3.0 *
05/28/08	05/21/08 - 05/27/08	38220	15.0	3.0 *
06/04/08	05/28/08 - 06/03/08	38251	15.0	3.0 *
06/11/08	06/04/08 - 06/10/08	38277	20.0	3.0 *
06/18/08	06/11/08 - 06/17/08	38299	20.0	3.0 *
06/25/08	06/18/08 - 06/24/08	38314	44.5	24.5 **
07/02/08	06/25/08 - 07/01/08	38363	40.0	20.0 **
07/09/08	07/02/08 - 07/08/08	38388	35.0	15.0 **
07/15/08	07/09/08 - 07/15/08	38403	40.0	20.0 **
07/22/08	07/16/08 - 07/22/08	38408	44.0	24.0 **
07/30/08	07/23/08 - 07/29/08	38430	47.0	27.0 **
08/06/08	07/30/08 - 08/05/08	38480	24.0	4.0 **
08/13/08	08/06/08 - 08/12/08	38504	15.0	3.0 *
08/20/08	08/13/08 - 08/19/08	38530	20.0	10.0 ^^

Hourly Rate	Excess Gross Pay	Employer's Share of		Total
		FICA (7.65%)	IPERS ##	
10.00	30.00	2.30	1.82	34.12
10.00	50.00	2.30	1.82	54.12
10.00	100.00	3.83	2.88	106.71
10.00	50.00	2.30	1.82	54.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	50.00	2.30	1.82	54.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	50.00	2.30	1.82	54.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	30.00	2.30	1.82	34.12
10.00	245.00	18.74	14.09	277.83
10.00	200.00	15.30	11.50	226.80
10.00	150.00	11.48	9.08	170.56
10.00	200.00	15.30	12.10	227.40
10.00	240.00	18.36	14.52	272.88
10.00	270.00	20.66	16.34	307.00
10.00	40.00	3.06	2.42	45.48
10.00	30.00	2.30	1.91	34.21
10.00	100.00	7.65	6.05	113.70

Report on Special Investigation of the
City of Adair

Payroll Checks Issued to Terry Nichols Prior to February 25, 2010
For the period January 1, 2007 through July 31, 2010

Check Date	Pay Period	Check Number	Hours Worked Per Payroll Register	Excess Hours
08/27/08	08/20/08 - 08/26/08 x	38549	38.0	28.0 ^^
09/03/08	08/27/08 - 09/02/08	38579	40.0	30.0 ^^
09/10/08	09/03/08 - 09/09/08	38618	8.0	3.0 *
09/17/08	09/10/08 - 09/16/08	38639	15.0	5.0 ^^
09/24/08	09/17/08 - 09/23/08	38648	15.0	5.0 ^^
10/01/08	09/24/08 - 09/30/08	38697	15.0	5.0 ^^
10/08/08	10/01/08 - 10/07/08	38723	15.0	5.0 ^^
10/14/08	10/08/08 - 10/14/08	38729	15.0	5.0 ^^
10/22/08	10/15/08 - 10/21/08	82610	20.0	10.0 ^^
10/29/08	10/22/08 - 10/28/08	38778	25.0	15.0 ^^
11/05/08	10/29/08 - 11/04/08	38811	38.0	28.0 ^^
11/12/08	11/05/08 - 11/11/08	38836	15.0	5.0 ^^
11/19/08	11/12/08 - 11/18/08	38857	15.0	5.0 ^^
11/20/08		38880	10.0	10.0 #
11/26/08	11/19/08 - 11/25/08	38890	38.0	28.0 ^^
11/26/08		38896	35.0	35.0 #
12/03/08	11/26/08 - 12/02/08	38933	15.0	5.0 ^^
12/10/08	12/03/08 - 12/09/08	38970	15.0	5.0 ^^
12/17/08	12/10/08 - 12/16/08	39000	20.0	10.0 ^^
12/23/08	12/17/08 - 12/23/08	39013	20.0	10.0 ^^
12/29/08	12/24/08 - 12/30/08	39033	25.0	15.0 ^^
01/07/09	12/31/08 - 01/06/09	39070	15.0	5.0 ^^
01/14/09	01/07/09 - 01/13/09	39094	40.0	30.0 ^^
01/21/09	01/14/09 - 01/20/09	39117	20.0	10.0 ^^
01/28/09	01/21/09 - 01/27/09	39129	25.0	15.0 ^^
02/04/09	01/28/09 - 02/03/09	39181	20.0	10.0 ^^
02/11/09	02/04/09 - 02/10/09	39207	38.0	28.0 ^^
02/18/09	02/11/09 - 02/17/09	39225	30.0	20.0 ^^
02/25/09	02/18/09 - 02/24/09	39241	20.0	10.0 ^^
03/04/09	02/25/09 - 03/03/09	39276	20.0	10.0 ^^
03/11/09	03/04/09 - 03/10/09	39305	20.0	10.0 ^^

Hourly Rate	Excess Gross Pay	Employer's Share of		Total
		FICA (7.65%)	IPERS ##	
10.00	280.00	21.42	16.94	318.36
10.00	300.00	22.95	18.15	341.10
10.00	30.00	2.30	1.91	34.21
10.00	50.00	3.83	3.03	56.86
10.00	50.00	3.83	3.03	56.86
10.00	50.00	3.83	3.03	56.86
10.00	50.00	3.83	3.03	56.86
10.00	50.00	3.83	3.03	56.86
10.00	100.00	7.65	6.05	113.70
11.50	172.50	13.20	10.44	196.14
11.50	322.00	24.63	19.48	366.11
11.50	57.50	4.40	3.48	65.38
11.50	57.50	4.40	3.48	65.38
11.50	115.00	8.80	7.30	131.10
11.50	322.00	24.63	19.48	366.11
11.50	402.50	30.79	25.56	458.85
11.50	57.50	4.40	3.48	65.38
11.50	57.50	4.40	3.48	65.38
11.50	115.00	8.80	6.96	130.76
11.50	115.00	8.80	6.96	130.76
11.50	172.50	13.20	10.44	196.14
11.50	57.50	4.40	3.48	65.38
11.50	345.00	26.39	20.87	392.26
11.50	115.00	8.80	6.96	130.76
11.50	172.50	13.20	10.44	196.14
11.50	115.00	8.80	6.96	130.76
11.50	322.00	24.63	19.48	366.11
11.50	230.00	17.60	13.92	261.52
11.50	115.00	8.80	6.96	130.76
11.50	115.00	8.80	6.96	130.76
11.50	115.00	8.80	6.96	130.76

Report on Special Investigation of the
City of Adair

Payroll Checks Issued to Terry Nichols Prior to February 25, 2010
For the period January 1, 2007 through July 31, 2010

Check Date	Pay Period	Check Number	Hours Worked Per Payroll Register	Excess Hours
03/18/09	03/11/09 - 03/17/09	39322	25.0	15.0 ^^
03/25/09	03/18/09 - 03/24/09	39333	30.0	20.0 ^^
04/01/09	03/25/09 - 03/31/09	39369	35.0	25.0 ^^
04/08/09	04/01/09 - 04/07/09	39393	25.0	15.0 ^^
04/14/09	04/08/09 - 04/14/09	39417	25.0	15.0 ^^
04/29/09	04/22/09 - 04/28/09	39457	40.0	30.0 ^^
05/06/09	04/29/09 - 05/05/09	39482	30.0	20.0 ^^
05/13/09	05/06/09 - 05/12/09	39520	20.0	10.0 ^^
05/20/09	05/13/09 - 05/19/09	39532	42.0	32.0 ^^
05/27/09	05/20/09 - 05/26/09	39538	35.0	25.0 ^^
06/03/09	05/27/09 - 06/02/09	39576	35.0	25.0 ^^
06/10/09	06/03/09 - 06/09/09	39606	35.0	25.0 ^^
06/17/09	06/10/09 - 06/16/09	39627	35.0	25.0 ^^
06/23/09	06/17/09 - 06/23/09	39654	15.0	5.0 ^^
07/01/09	06/24/09 - 06/30/09	39681	10.0	10.0 ^
07/08/09	07/01/09 - 07/07/09	39721	41.0	31.0 ^^
07/15/09	07/08/09 - 07/14/09	39747	40.0	30.0 ^^
07/22/09	07/15/09 - 07/21/09	39764	40.0	30.0 ^^
07/29/09	07/22/09 - 07/28/09	39778	38.0	28.0 ^^
08/05/09	07/29/09 - 08/04/09	39814	30.0	20.0 ^^
08/12/09	08/05/09 - 08/11/09	39839	25.0	15.0 ^^
08/19/09	08/12/09 - 08/18/09	39861	35.0	25.0 ^^
08/26/09	08/19/09 - 08/25/09	39892	35.0	25.0 ^^
09/02/09	08/26/09 - 09/01/09	39929	35.0	25.0 ^^
09/09/09	09/02/09 - 09/08/09	39950	35.0	25.0 ^^
09/16/09	09/09/09 - 09/15/09	39980	40.0	30.0 ^^
09/23/09	09/16/09 - 09/22/09	39993	35.0	25.0 ^^
09/30/09	09/23/09 - 09/29/09	40015	35.0	25.0 ^^
10/07/09	09/30/09 - 10/06/09	40064	40.0	30.0 ^^
10/14/09	10/07/09 - 10/13/09	40089	39.0	29.0 ^^
10/20/09	10/14/09 - 10/20/09	40111	38.0	28.0 ^^

Hourly Rate	Excess Gross Pay	Employer's Share of		Total
		FICA (7.65%)	IPERS ##	
11.50	172.50	13.20	10.44	196.14
11.50	230.00	17.60	13.92	261.52
11.50	287.50	21.99	17.39	326.88
11.50	172.50	13.20	10.44	196.14
11.50	172.50	13.20	10.44	196.14
11.50	345.00	26.39	20.87	392.26
11.50	230.00	17.60	13.92	261.52
11.50	115.00	8.80	6.96	130.76
11.50	368.00	28.15	22.26	418.41
11.50	287.50	21.99	17.39	326.88
11.50	287.50	21.99	17.39	326.88
11.50	287.50	21.99	17.39	326.88
11.50	287.50	21.99	17.39	326.88
11.50	57.50	4.40	3.48	65.38
11.50	115.00	8.80	7.30	131.10
11.50	356.50	27.27	22.64	406.41
11.50	345.00	26.39	21.91	393.30
11.50	345.00	26.39	21.91	393.30
11.50	322.00	24.63	20.45	367.08
11.50	230.00	17.60	14.61	262.21
11.50	172.50	13.20	10.95	196.65
11.50	287.50	21.99	18.26	327.75
11.50	287.50	21.99	18.26	327.75
11.50	287.50	21.99	18.26	327.75
11.50	287.50	21.99	18.26	327.75
11.50	345.00	26.39	21.91	393.30
11.50	287.50	21.99	18.26	327.75
11.50	287.50	21.99	18.26	327.75
11.50	345.00	26.39	21.91	393.30
12.50	362.50	27.73	23.02	413.25
12.50	350.00	26.78	22.23	399.01

Report on Special Investigation of the
City of Adair

Payroll Checks Issued to Terry Nichols Prior to February 25, 2010
For the period January 1, 2007 through July 31, 2010

Check Date	Pay Period	Check Number	Hours Worked	Excess Hours
			Per Payroll Register	
10/28/09	10/21/09 - 10/27/09	40128	35.0	25.0 ^^
11/04/09	10/28/09 - 11/03/09	40177	35.0	25.0 ^^
11/11/09	11/04/09 - 11/10/09	40211	30.0	3.0 *
11/18/09	11/11/09 - 11/17/09	40234	25.0	3.0 *
11/25/09	11/18/09 - 11/24/09	40247	35.0	3.0 *
12/02/09	11/25/09 - 12/01/09	40282	35.0	3.0 *
12/09/09	12/02/09 - 12/08/09	40307	45.0	3.0 *
12/16/09	12/09/09 - 12/15/09 x	40324	60.0	3.0 *
12/23/09	12/16/09 - 12/22/09	40346	20.0	3.0 *
12/29/09	12/23/09 - 12/29/09	40357	65.0	3.0 *
01/04/10		40384	22.0	22.0 #
01/06/10	12/30/09 - 01/05/10	40387	55.0	3.0 *
01/07/10		40411	15.0	15.0 #
01/13/10	01/06/10 - 01/12/10	40414	44.0	3.0 *
01/20/10	01/13/10 - 01/19/10	40440	40.0	3.0 *
01/27/10	01/20/10 - 01/26/10	40461	60.0	3.0 *
02/03/10	01/27/10 - 02/02/10	40499	42.0	3.0 *
02/08/10		40517	21.0	21.0 #
02/10/10	02/03/10 - 02/09/10	40522	35.0	3.0 *
02/17/10	02/10/10 - 02/16/10	40548	39.0	3.0 *
02/24/10	02/17/10 - 02/23/10	40564	43.0	3.0 *
Total				<u><u>1,939.5</u></u>

* - Linda Nichols stated she inflated Terry Nichols' pay by adding 3 - 4 hours each week to the payroll system. To be conservative, only 3 hours per week has been identified as improperly paid to Mr. Nichols.

- Check issued to Terry Nichols in addition to his typical weekly payroll checks.

^ - Terry Nichols was traveling outside Adair during this week on vacation.

- The employer's share of IPERS contributions was 5.75%, 6.05%, 6.35% and 6.65% for fiscal years 2007, 2008, 2009 and 2010, respectively.

^^ - The current Director was hired in August 2008 and stated Mr. Nichols worked an average of 10 hours per week. Therefore, we have reduced the hours worked by Mr. Nichols to reflect 10 hours per week.

** - The former Director stated Mr. Nichols worked an average of 20 hours during the summer and 15 hours during the winter with the exception of the 2007 winter. Therefore, we have reduced Mr. Nichols hours to reflect the average number of hours worked.

x - Pay period for which a time card was available for Mr. Nichols.

Hourly Rate	Excess Gross Pay	Employer's Share of		Total
		FICA (7.65%)	IPERS ##	
12.50	312.50	23.91	19.84	356.25
12.50	312.50	23.91	19.84	356.25
12.50	37.50	2.87	2.49	42.86
12.50	37.50	2.87	2.49	42.86
12.50	37.50	2.87	2.49	42.86
12.50	37.50	2.87	2.49	42.86
12.50	37.50	2.87	2.49	42.86
12.50	37.50	2.87	2.49	42.86
12.50	37.50	2.87	2.49	42.86
12.50	37.50	2.87	2.49	42.86
12.50	275.00	21.04	18.29	314.33
12.50	37.50	2.87	2.49	42.86
12.50	187.50	14.34	12.47	214.31
12.50	37.50	2.87	2.49	42.86
12.50	37.50	2.87	2.49	42.86
12.50	37.50	2.87	2.49	42.86
13.00	39.00	2.98	2.59	44.57
13.00	273.00	20.88	18.15	312.03
13.00	39.00	2.98	2.59	44.57
13.00	39.00	2.98	2.59	44.57
13.00	39.00	2.98	2.59	44.57
\$ 21,414.00		1,619.47	1,296.32	24,329.79

Report on Special Investigation of the
City of Adair

Payroll Checks Issued to Terry Nichols After February 24, 2010
For the period January 1, 2007 through July 31, 2010

Check Date	Pay Period	Check Number	Hours Worked		Excess Hours Paid
			Per Payroll Register	Per Director's Records^	
03/03/10	02/24/10 - 03/02/10	40596	35.0	8.5	26.5
03/10/10	03/03/10 - 03/09/10	40636	35.0	4.0	31.0
03/17/10	03/10/10 - 03/16/10	40650	30.0	-	30.0
03/24/10	03/17/10 - 03/23/10	40672	25.0	4.0	21.0
03/31/10	03/24/10 - 03/30/10	40692	40.0	-	40.0
04/07/10	03/31/10 - 04/06/10	40732	15.0	3.0	12.0
04/14/10	04/07/10 - 04/13/10 #	40757	20.0	-	20.0
04/20/10	04/14/10 - 04/20/10	40786	25.0	-	25.0
04/28/10	04/21/10 - 04/27/10	40796	25.0	-	25.0
05/05/10	04/28/10 - 05/04/10	40839	20.0	-	20.0
05/12/10	05/05/10 - 05/11/10	40867	20.0	-	20.0
05/19/10	05/12/10 - 05/18/10	40887	25.0	13.0	12.0
05/26/10	05/19/10 - 05/25/10	40899	35.0	2.5	32.5
06/02/10	05/26/10 - 06/01/10	40928	25.0	-	25.0
06/09/10	06/02/10 - 06/08/10	40954	20.0	-	20.0
06/16/10	06/09/10 - 06/15/10	40964	50.0	3.0	47.0
06/23/10	06/16/10 - 06/22/10	40996	25.0	-	25.0
06/29/10	06/23/10 - 06/29/10	41014	30.0	16.3	13.8
07/07/10	06/30/10 - 07/06/10	41064	25.0	6.0	19.0
07/14/10	07/07/10 - 07/13/10	41086	25.0	-	25.0
Total			550.0	60.3	489.8

- Mr. Nichols was in Arizona during this week.

^ - The Street Department Director recorded the number of hours worked by Mr. Nichols from February 24, 2010 until the time of his resignation. This information was not available prior to February 24, 2010.

Hourly Rate	Excess Gross Pay	Employer's Share of		Total
		FICA (7.65%)	IPERS (6.65%)	
\$ 13.00	344.50	26.35	22.91	393.76
13.00	403.00	30.83	26.80	460.63
13.00	390.00	29.84	25.94	445.78
13.00	273.00	20.88	18.15	312.03
13.00	520.00	39.78	34.58	594.36
13.00	156.00	11.93	10.37	178.30
13.00	260.00	19.89	17.29	297.18
13.00	325.00	24.86	21.61	371.47
13.00	325.00	24.86	21.61	371.47
13.00	260.00	19.89	17.29	297.18
13.00	260.00	19.89	17.29	297.18
13.00	156.00	11.93	10.37	178.30
13.00	422.50	32.32	28.10	482.92
13.00	325.00	24.86	21.61	371.47
13.00	260.00	19.89	17.29	297.18
13.00	611.00	46.74	40.63	698.37
13.00	325.00	24.86	21.61	371.47
13.00	178.75	13.67	11.89	204.31
13.00	247.00	18.90	16.43	282.33
13.00	325.00	24.86	21.61	371.47
\$ 6,366.75		487.03	423.38	7,277.16

Report on Special Investigation of the
City of Adair

Payroll Checks Issued to Linda Nichols
For the period January 1, 2007 through July 31, 2010

Check Date	Time Period	Hours Per Payroll Register	Check Number	Amount	Weekly Payroll
01/03/07	12/27/06 - 01/02/07	40.00	36550	\$ 339.81	339.81
01/10/07	01/03/07 - 01/09/07	40.00	36576	339.81	339.81
01/17/07	01/10/07 - 01/16/07	40.00	36580	339.81	339.81
01/24/07	01/17/07 - 01/23/07	40.00	36604	339.81	339.81
01/31/07	01/24/07 - 01/30/07	42.00	36615	365.86	365.86
02/07/07	01/31/07 - 02/06/07	40.00	36654	339.81	339.81
02/14/07	02/07/07 - 02/13/07	40.00	36671	339.81	339.81
02/21/07	02/14/07 - 02/20/07	44.00	36675	391.91	391.91
02/28/07	02/21/07 - 02/27/07	40.00	36697	339.81	339.81
03/07/07	02/28/07 - 03/06/07	44.00	36731	391.91	391.91
03/14/07	03/07/07 - 03/13/07	40.00	36766	339.81	339.81
03/21/07	03/14/07 - 03/20/07	43.00	36775	378.89	378.89
03/28/07	03/21/07 - 03/27/07	40.00	36794	339.81	339.81
04/04/07	03/28/07 - 04/03/07	43.75	36831	388.42	388.42
04/11/07	04/04/07 - 04/10/07	40.00	36862	339.81	339.81
04/18/07	04/11/07 - 04/17/07	43.50	36874	384.90	384.90
04/25/07	04/18/07 - 04/24/07	40.00	36887	339.81	339.81
05/02/07	04/25/07 - 05/01/07	40.00	36920	339.81	339.81
05/07/07		40.00	36937	339.81	-
05/09/07	05/02/07 - 05/08/07	40.00	36946	339.81	339.81
05/15/07		40.00	36954	339.81	-
05/16/07	05/09/07 - 05/15/07	45.50	36965	410.96	410.96
05/23/07	05/16/07 - 05/22/07	40.00	36985	339.81	339.81
05/30/07	05/23/07 - 05/29/07	40.00	36993	339.81	339.81
06/05/07		40.00	37033	339.81	-
06/06/07	05/30/07 - 06/05/07	40.00	37036	339.81	339.81
06/13/07	06/06/07 - 06/12/07	40.00	37064	339.81	339.81
06/19/07	06/13/07 - 06/19/07	43.00	37090	378.89	378.89
06/25/07	06/20/07 - 06/26/07	44.00	37104	391.91	391.91
07/03/07	06/27/07 - 07/03/07	40.00	37132	338.96	338.96
07/11/07	07/04/07 - 07/10/07	40.00	37177	338.96	338.96

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Report on Special Investigation of the
City of Adair

Payroll Checks Issued to Linda Nichols
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Check Date	Time Period	Hours Per Payroll Register	Check Number	Amount	Weekly Payroll
07/18/07	07/11/07 - 07/17/07	44.00	37190	390.94	390.94
07/24/07		40.00	37201	338.96	-
07/25/07	07/18/07 - 07/24/07	40.00	37224	338.96	338.96
08/01/07	07/25/07 - 07/31/07	40.00	37257	338.96	338.96
08/08/07	08/01/07 - 08/07/07	44.50	37280	425.54	425.54
08/15/07	08/08/07 - 08/14/07	43.00	37301	403.89	403.89
08/22/07	08/15/07 - 08/21/07	42.00	37314	389.78	389.78
08/29/07	08/22/07 - 08/28/07	40.00	37332	362.57	362.57
09/05/07	08/29/07 - 09/04/07	40.00	37360	362.57	362.57
09/12/07	09/05/07 - 09/11/07	40.00	37384	362.57	362.57
09/19/07	09/12/07 - 09/18/07	44.00	37410	417.99	417.99
09/26/07	09/19/07 - 09/25/07	42.00	37424	389.78	389.78
10/03/07	09/26/07 - 10/02/07	40.00	37475	362.57	362.57
10/10/07	10/03/07 - 10/09/07	40.00	37494	362.57	362.57
10/16/07	10/10/07 - 10/16/07	43.00	37499	403.89	403.89
10/24/07	10/17/07 - 10/23/07	40.00	37522	362.57	362.57
10/25/07		40.00	37539	362.57	-
10/31/07	10/24/07 - 10/30/07	41.00	37543	376.69	376.69
11/06/07	10/31/07 - 11/06/07	40.00	37581	362.57	362.57
11/14/07	11/07/07 - 11/13/07	40.00	37607	362.57	362.57
11/20/07		40.00	37626	362.57	-
11/21/07	11/14/07 - 11/20/07	43.00	37634	403.89	403.89
11/28/07	11/21/07 - 11/27/07	40.00	37645	362.57	362.57
12/05/07	11/28/07 - 12/04/07	44.00	37685	417.99	417.99
12/12/07	12/05/07 - 12/11/07	40.00	37706	362.57	362.57
12/19/07	12/12/07 - 12/18/07	43.00	37720	403.89	403.89
12/26/07	12/19/07 - 12/25/07	41.00	37726	371.64	371.64
01/02/08	12/26/07 - 01/01/08	43.50	37764	411.10	411.10
01/09/08	01/02/08 - 01/08/08	40.00	37797	362.22	362.22
01/16/08	01/09/08 - 01/15/08	43.00	37812	403.54	403.54
01/23/08	01/16/08 - 01/22/08	43.00	37829	403.54	403.54
01/30/08	01/23/08 - 01/29/08	43.00	37845	403.54	403.54

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Report on Special Investigation of the
City of Adair

Payroll Checks Issued to Linda Nichols
For the period January 1, 2007 through July 31, 2010

Check Date	Time Period	Hours Per Payroll Register	Check Number	Amount	Weekly Payroll
02/06/08	01/30/08 - 02/05/08	43.00	37878	403.54	403.54
02/18/08	02/06/08 - 02/12/08	43.00	37887	403.54	403.54
02/19/08		40.00	37893	362.22	-
02/20/08	02/13/08 - 02/19/08	43.00	37915	403.54	403.54
02/27/08	02/20/08 - 02/26/08	44.00	37921	417.64	417.64
03/05/08	02/27/08 - 03/04/08	40.00	37967	362.22	362.22
03/12/08	03/05/08 - 03/11/08	40.00	37983	362.22	362.22
03/19/08	03/12/08 - 03/18/08	44.00	37998	417.64	417.64
03/26/08	03/19/08 - 03/25/08	40.00	38016	362.22	362.22
04/02/08	03/26/08 - 04/01/08	40.00	38041	362.22	362.22
04/09/08	04/02/08 - 04/08/08	40.00	38086	362.22	362.22
04/15/08	04/09/08 - 04/15/08	40.00	38101	362.22	362.22
04/23/08	04/16/08 - 04/22/08	42.00	38118	389.43	389.43
04/29/08		40.00	38133	362.22	-
04/30/08	04/23/08 - 04/29/08	40.00	38134	362.22	362.22
05/07/08	04/30/08 - 05/06/08	40.00	38174	362.22	362.22
05/14/08	05/07/08 - 05/13/08	40.00	38197	362.22	362.22
05/21/08	05/14/08 - 05/20/08	43.50	38213	411.10	411.10
05/28/08	05/21/08 - 05/27/08	42.00	38219	389.43	389.43
06/04/08	05/28/08 - 06/03/08	40.00	38250	362.22	362.22
06/10/08		40.00	38273	362.22	-
06/11/08	06/04/08 - 06/10/08	40.00	38276	362.22	362.22
06/18/08	06/11/08 - 06/17/08	44.50	38298	425.19	425.19
06/25/08	06/18/08 - 06/24/08	42.50	38313	396.98	396.98
07/02/08	06/25/08 - 07/01/08	42.00	38362	389.44	389.44
07/09/08	07/02/08 - 07/08/08	42.00	38387	389.44	389.44
07/15/08	07/09/08 - 07/15/08	45.50	38402	438.20	438.20
07/22/08	07/16/08 - 07/22/08	44.00	38407	416.58	416.58
07/30/08	07/23/08 - 07/29/08	42.00	38429	389.44	389.44
08/06/08	07/30/08 - 08/05/08	42.00	38479	389.44	389.44
08/08/08		40.00	38501	361.31	-
08/13/08	08/06/08 - 08/12/08	42.00	38503	389.44	389.44

Improper	Employer's Share of		Total
	FICA (7.65%)	IPERS ##	
-	-	-	-
-	-	-	-
362.22	27.71	21.91	411.84
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
362.22	27.71	21.91	411.84
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
362.22	27.71	21.91	411.84
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
361.31	27.64	22.94	411.89
-	-	-	-

Report on Special Investigation of the
City of Adair

Payroll Checks Issued to Linda Nichols
For the period January 1, 2007 through July 31, 2010

Check Date	Time Period	Hours Per Payroll Register	Check Number	Amount	Weekly Payroll
08/20/08	08/13/08 - 08/19/08	45.00	38529	430.64	430.64
08/27/08	08/20/08 - 08/26/08	42.00	38548	389.44	389.44
09/03/08	08/27/08 - 09/02/08	42.00	38578	389.44	389.44
09/09/08		40.00	38616	361.31	-
09/10/08	09/03/08 - 09/09/08	41.50	38617	381.90	381.90
09/17/08	09/10/08 - 09/16/08	45.00	38638	430.64	430.64
09/24/08	09/17/08 - 09/23/08	40.00	38647	361.31	361.31
10/01/08	09/24/08 - 09/30/08	42.00	38696	389.44	389.44
10/08/08	10/01/08 - 10/07/08	40.00	38722	361.31	361.31
10/14/08	10/08/08 - 10/14/08	46.00	38728	444.72	444.72
10/20/08		40.00	38744	361.31	-
10/22/08	10/15/08 - 10/21/08	42.00	82609	389.44	389.44
10/29/08	10/22/08 - 10/28/08	42.00	38777	389.44	389.44
11/05/08	10/29/08 - 11/04/08	42.00	38810	389.44	389.44
11/12/08	11/05/08 - 11/11/08	40.00	38835	361.31	361.31
11/19/08	11/12/08 - 11/18/08	42.50	38856	395.97	395.97
11/20/08		40.00	38879	361.31	-
11/26/08	11/19/08 - 11/25/08	42.00	38889	389.44	389.44
11/26/08		40.00	38895	361.31	-
12/03/08	11/26/08 - 12/02/08	42.00	38932	389.44	389.44
12/10/08	12/03/08 - 12/09/08	42.00	38969	389.44	389.44
12/17/08	12/10/08 - 12/16/08	43.00	38999	402.51	402.51
12/23/08	12/17/08 - 12/23/08	42.00	39012	389.44	389.44
12/29/08	12/24/08 - 12/30/08	42.00	39032	389.44	389.44
01/07/09	12/31/08 - 01/06/09	43.00	39069	403.13	403.13
01/14/09	01/07/09 - 01/13/09	44.00	39093	417.19	417.19
01/21/09	01/14/09 - 01/20/09	45.00	39116	431.26	431.26
01/28/09	01/21/09 - 01/27/09	45.00	39128	431.26	431.26
02/04/09	01/28/09 - 02/03/09	44.00	39180	417.19	417.19
02/04/09		40.00	39186	361.92	-
02/11/09	02/04/09 - 02/10/09	44.00	39206	417.19	417.19
02/18/09	02/11/09 - 02/17/09	44.50	39224	424.73	424.73

Improper	Employer's Share of		Total
	FICA (7.65%)	IPERS ##	
-	-	-	-
-	-	-	-
-	-	-	-
361.31	27.64	22.94	411.89
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
361.31	27.64	22.94	411.89
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
361.31	27.94	22.94	412.19
-	-	-	-
361.31	27.64	22.94	411.89
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
361.92	27.69	22.98	412.59
-	-	-	-
-	-	-	-

Report on Special Investigation of the
City of Adair

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Check Date	Time Period	Hours Per Payroll Register	Check Number	Amount	Weekly Payroll
02/25/09	02/18/09 - 02/24/09	42.00	39240	389.05	389.05
03/04/09	02/25/09 - 03/03/09	44.00	39275	417.91	417.91
03/05/09		40.00	39284	361.63	-
03/11/09	03/04/09 - 03/10/09	42.00	39304	389.76	389.76
03/18/09	03/11/09 - 03/17/09	44.00	39321	417.91	417.91
03/25/09	03/18/09 - 03/24/09	40.00	39332	361.63	361.63
04/01/09	03/25/09 - 03/31/09	42.00	39368	389.76	389.76
04/08/09	04/01/09 - 04/07/09	43.00	39392	403.84	403.84
04/14/09	04/08/09 - 04/14/09	45.00	39416	431.97	431.97
04/22/09		42.00	39439	389.76	-
04/29/09	04/22/09 - 04/28/09	40.00	39456	361.63	361.63
05/06/09	04/29/09 - 05/05/09	42.00	39481	389.76	389.76
05/13/09	05/06/09 - 05/12/09	43.00	39519	403.84	403.84
05/20/09	05/13/09 - 05/19/09	45.00	39531	431.97	431.97
05/27/09	05/20/09 - 05/26/09	42.00	39537	389.76	389.76
06/03/09	05/27/09 - 06/02/09	42.00	39575	389.76	389.76
06/10/09	06/03/09 - 06/09/09	42.00	39605	389.76	389.76
06/15/09		40.00	39616	361.63	-
06/17/09	06/10/09 - 06/16/09	43.00	39626	403.84	403.84
06/23/09	06/17/09 - 06/23/09	44.00	39653	417.91	417.91
07/01/09	06/24/09 - 06/30/09	42.00	39680	388.77	388.77
07/08/09	07/01/09 - 07/07/09	43.00	39720	402.81	402.81
07/15/09	07/08/09 - 07/14/09	44.00	39746	416.84	416.84
07/22/09	07/15/09 - 07/21/09	42.00	39763	388.77	388.77
07/29/09	07/22/09 - 07/28/09	44.00	39777	416.84	416.84
08/05/09	07/29/09 - 08/04/09	42.00	39813	388.77	388.77
08/12/09	08/05/09 - 08/11/09	40.00	39838	360.71	360.71
08/19/09	08/12/09 - 08/18/09	43.50	39860	410.34	410.34
08/24/09		40.00	39878	360.71	-
08/26/09	08/19/09 - 08/25/09	42.00	39891	388.77	388.77
09/02/09	08/26/09 - 09/01/09	42.00	39928	388.77	388.77
09/09/09	09/02/09 - 09/08/09	40.00	39949	360.71	360.71

Improper	Employer's Share of		Total
	FICA (7.65%)	IPERS ##	
-	-	-	-
-	-	-	-
361.63	27.66	22.96	412.25
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
389.76	29.82	24.75	444.33
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
361.63	27.66	22.96	412.25
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
360.71	27.59	23.99	412.29
-	-	-	-
-	-	-	-
-	-	-	-

Report on Special Investigation of the
City of Adair

Payroll Checks Issued to Linda Nichols
For the period January 1, 2007 through July 31, 2010

Check Date	Time Period	Hours Per Payroll Register	Check Number	Amount	Weekly Payroll
09/16/09	09/09/09 - 09/15/09	43.00	39979	402.81	402.81
09/23/09	09/16/09 - 09/22/09	43.00	39992	402.81	402.81
09/30/09	09/23/09 - 09/29/09	42.00	40014	388.77	388.77
10/07/09	09/30/09 - 10/06/09	42.00	40063	388.77	388.77
10/14/09	10/07/09 - 10/13/09	42.00	40088	388.77	388.77
10/20/09	10/14/09 - 10/20/09	43.50	40110	410.34	410.34
10/28/09	10/21/09 - 10/27/09	40.00	40127	360.71	360.71
11/04/09	10/28/09 - 11/03/09	42.00	40176	388.77	388.77
11/11/09	11/04/09 - 11/10/09	42.50	40210	396.29	396.29
11/16/09		40.00	40230	360.71	-
11/18/09	11/11/09 - 11/17/09	44.00	40233	416.84	416.84
11/25/09	11/18/09 - 11/24/09	43.00	40246	402.81	402.81
12/02/09	11/25/09 - 12/01/09	42.00	40281	388.77	388.77
12/09/09	12/02/09 - 12/08/09	45.00	40306	430.87	430.87
12/16/09	12/09/09 - 12/15/09	42.00	40323	388.77	388.77
12/23/09	12/16/09 - 12/22/09	42.00	40345	388.77	388.77
12/29/09	12/23/09 - 12/29/09	42.00	40356	388.77	388.77
01/06/10	12/30/09 - 01/05/10	40.00	40386	359.56	359.56
01/13/10	01/06/10 - 01/12/10	40.00	40413	359.56	359.56
01/20/10	01/13/10 - 01/19/10	40.00	40439	359.56	359.56
01/27/10	01/20/10 - 01/26/10	44.00	40460	414.69	414.69
02/03/10	01/27/10 - 02/02/10	44.50	40498	450.22	450.22
02/08/10		40.00	40516	384.09	-
02/10/10	02/03/10 - 02/09/10	42.00	40521	413.15	413.15
02/17/10	02/10/10 - 02/16/10	43.00	40547	428.16	428.16
02/24/10	02/17/10 - 02/23/10	44.00	40563	443.21	443.21
03/03/10	02/24/10 - 03/02/10	44.00	40595	443.21	443.21
03/10/10	03/03/10 - 03/09/10	43.00	40635	428.16	428.16
03/17/10	03/10/10 - 03/16/10	43.00	40649	423.16	423.16
03/24/10	03/17/10 - 03/23/10	42.00	40671	408.15	408.15
03/31/10	03/24/10 - 03/30/10	42.00	40691	408.15	408.15
04/07/10	03/31/10 - 04/06/10	42.00	40731	408.15	408.15

Improper	Employer's Share of		Total
	FICA (7.65%)	IPERS ##	
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
360.71	27.59	23.99	412.29
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
384.09	29.38	25.54	439.01
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

Report on Special Investigation of the
City of Adair

Payroll Checks Issued to Linda Nichols
For the period January 1, 2007 through July 31, 2010

Check Date	Time Period	Hours Per Payroll Register	Check Number	Amount	Weekly Payroll
04/14/10	04/07/10 - 04/13/10	40.00	40756	379.09	379.09
04/20/10	04/14/10 - 04/20/10	40.00	40785	379.09	379.09
04/28/10	04/21/10 - 04/27/10	44.00	40795	438.21	438.21
05/05/10	04/28/10 - 05/04/10	43.00	40838	423.16	423.16
05/12/10	05/05/10 - 05/11/10	42.50	40866	416.16	416.16
05/19/10	05/12/10 - 05/18/10	44.00	40886	438.21	438.21
05/26/10	05/19/10 - 05/25/10	40.00	40898	379.09	379.09
06/02/10	05/26/10 - 06/01/10	42.00	40927	408.15	408.15
06/09/10	06/02/10 - 06/08/10	40.00	40953	379.09	379.09
06/16/10	06/09/10 - 06/15/10	44.00	40963	438.21	438.21
06/23/10	06/16/10 - 06/22/10	42.00	40995	408.15	408.15
06/29/10	06/23/10 - 06/29/10	42.00	41013	408.15	408.15
07/07/10	06/30/10 - 07/06/10	43.00	41063	422.07	422.07
07/14/10	07/07/10 - 07/13/10	43.00	41085	422.07	422.07
07/21/10	07/14/10 - 07/20/10	40.00	41106	378.10	378.10
Total				<u>\$ 79,509.42</u>	<u>71,952.23</u>

- The employer's share of IPERS contributions was 5.75%, 6.05%, 6.35% and 6.65% for fiscal years 2007, 2008, 2009 and 2010, respectively.

[illegible]

Report on Special Investigation of the
City of Adair

Reimbursements Issued to Linda Nichols
For the period January 1, 2007 through July 31, 2010

Per Check Image			Description per Accounting System	Per Supporting Documentation		
Check Date	Check Number	Amount		Invoice Date	Ship To	Vendor
02/01/07	36636	\$ 65.93	oil-antifreeze-shop			No receipt
03/22/07	36788	84.00	Mileage			No receipt
11/30/07	37664	70.50	supplies-shop			No receipt
01/21/08	37826	60.15	Betty Schafer			No receipt
04/21/08	38115	58.20	Mileage			No receipt
10/16/08	38741	368.00	tools			No receipt
11/19/08	38869	62.40	Mileage			No receipt
12/05/08	38954	371.79	misc-shop			No receipt
01/14/09	39105	66.36	Mileage			No receipt
04/01/09	39384	874.00	Machine-plant	03/13/09		Fleetwood Distributing, INC
04/21/09	39436	540.14	Water plant	04/14/09 NA		The Home Depot
06/10/09	39613	64.80	Mileage			No receipt
10/01/09	40037	91.00	Mileage			No receipt
10/22/09	40122	72.50	School			No receipt
11/20/09	40242	350.31	Repairs-shop	11/18/09 NA		Menards

Description	Amount	Improper	Unsupported
	\$ 65.93	65.93	-
	84.00	-	84.00
	70.50	70.50	-
	60.15	-	60.15
	58.20	-	58.20
	368.00	368.00	-
	62.40	-	62.40
	371.79	371.79	-
	66.36	-	66.36
8070 Lite ML2, Mytee	795.00	795.00	-
Shipping & Handling	79.00	79.00	-
Wtr Softner	488.00	488.00	-
3" Wtrhtrjckt	21.57	21.57	-
Tax	30.57	30.57	-
	64.80	-	64.80
	91.00	-	91.00
	72.50	-	72.50
15 pk Bounty Basic	9.98	9.98	-
Duck indoor wndw ins	7.98	7.98	-
Duck indoor wndw ins	16.00	16.00	-
6" enclosed baffle t	39.96	39.96	-
Boreal winter oak	0.96	0.96	-
Coaxial crimping too	5.97	5.97	-
RG6 crimp on fs 10 p	7.94	7.94	-
Four way splitter	3.48	3.48	-
Super ratchet caulk	4.89	4.89	-
Hammer 20 oz framer	27.47	27.47	-
Wh coax plate	1.96	1.96	-
Wh phone/coax plate	9.96	9.96	-
Wh 15A sp cop/al swi	6.76	6.76	-

Report on Special Investigation of the
City of Adair

Reimbursements Issued to Linda Nichols
For the period January 1, 2007 through July 31, 2010

Per Check Image			Description per Accounting System	Per Supporting Documentation		
Check Date	Check Number	Amount		Invoice Date	Ship To	Vendor
Total						
		\$ 3,200.08				

Description	Amount	Improper	Unsupported
Wh 15A sp grounded s	0.49	0.49	-
3mil 8-4x100' poly c	16.99	16.99	-
Great stuff gaps	5.74	5.74	-
wh sp lighted dimmer	8.99	8.99	-
21 pc mag drive guid	4.99	4.99	-
std magscrew guide w	4.87	4.87	-
Boreal winter oak	21.78	21.78	-
3 outlet power stake	4.97	4.97	-
Go Diego Go	14.99	14.99	-
10 pk wh 20a comm ou	19.40	19.40	-
16-3 20' green cord	4.97	4.97	-
Siliconized w & d wh	5.67	5.67	-
Ultra window & door	10.58	10.58	-
Super blue 3-gang bo	2.59	2.59	-
Quiet walk underlaym	79.98	79.98	-
	<u>\$ 3,200.08</u>	<u>2,640.67</u>	<u>559.41</u>

Report on Special Investigation of the
City of Adair

Reimbursements Issued to Terry Nichols
For the period January 1, 2007 through July 31, 2010

Per Check Image			Description per Accounting System	Per Supporting Documentation	
Check Date	Check Number	Amount		Sales Date	Vendor
10/29/08	38776	\$ 277.14	None	10/25/08	Lowes
				10/28/08	Lowes
05/19/09	39529	90.00	mowing-Patterson		No receipt
06/08/09	39597	90.00	None		No receipt
06/18/09	39643	90.00	mwoing-cear street [sic]		No receipt
07/23/09	39776	300.00	Trailer use		No receipt
07/29/09	39778	357.25	None		No receipt
10/22/09	40125	167.90	copies, mileage		No receipt
12/11/09	40316	182.08	shop		No receipt
01/06/10	40403	173.97	Shop repairs		No receipt
06/16/10	40979	150.00	Rent		No receipt
Total		<u>\$ 1,878.34</u>			

Description	Amount	Improper	Unsupported
Woodtone CDEK trim board	\$ 69.14	69.14	-
3/4x.5/8 rf embosd pvc t	24.84	24.84	-
1/4-20x1-1/2 m/s w/not	5.47	5.47	-
Tax	5.97	5.97	-
48x36 vyl 10 sliding wnd	162.00	162.00	-
Tax	9.72	9.72	-
	90.00	-	90.00
	90.00	-	90.00
	90.00	-	90.00
	300.00	-	300.00
	357.25	-	357.25
	167.90	-	167.90
	182.08	182.08	-
	173.97	173.97	-
	150.00	-	150.00
	<u>\$ 1,878.34</u>	<u>633.19</u>	<u>1,245.15</u>

Report on Special Investigation of the
City of Adair

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Melissa J. Knoll-Speer, Senior Auditor

A handwritten signature in black ink, reading "Tamera S. Kusian". The signature is written in a cursive style with a large, stylized initial 'T'.



Tamera S. Kusian, CPA
Deputy Auditor of State

Appendices

Appendix 1

Report on Special Investigation of the City of Adair

Copies of Selected Beacon Systems' Invoices

 BEACON Beacon 189 Meister Avenue Branchburg, NJ 08876 800 762-9205 FAX 908-231-8943		SALES INVOICE SI-338808 9/23/2008		
Customer CITY OF ADAIR 320 AUDUBON STREET ADAIR IA 50002 Tel: (641) 742-3751 Fax: (641) 742-5514		Contact		
Ship To CITY OF ADAIR 320 AUDUBON STREET ADAIR IA 50002 Fax: (641) 742-5514				
Account	Terms	Due Date	Account Rep	Schedule Date
C5359	NET 30	10/23/2008	Katie Redfield	9/22/2008
Sales Order	PO #	Reference	Ship VIA	Page Printed
SO-250759	200822		UPS Ground (up...	1 9/23/2008 8:45:39 AM
Item	Description	Order	Ship	Price UM Discount Amount
1	PLS-9584-10	1	1	\$78.50 EA \$78.50
2	PLS-9236-10	1	1	\$78.50 EA \$78.50
3	PLS-9301-10	1	1	\$78.50 EA \$78.50
4	PLS-9522-10	1	1	\$78.50 EA \$78.50
5	4075C-12	3	3	\$31.80 EA \$95.40
6	4075C-10	2	2	\$27.70 EA \$55.40
7	4075C-8	2	2	\$22.50 EA \$45.00
8	A7801-R-M	1	1	\$768.50 EA \$768.50
9	A9090-O-M	1	1	\$223.50 EA \$223.50
10	A9001-O-M	1	1	\$223.50 EA \$223.50
11	SH	1	1	\$74.82 EA \$74.82
12	UPS ONLY!!!!!!!			
				Taxable \$0.00
				Total Tax \$0.00
				Exempt \$1,527.30
				Total \$1,527.30
				Payment Disc \$0.00
				Paid \$0.00
				Balance \$1,527.30


600-810-6310

38681

Obtained from City records

Report on Special Investigation of the
City of Adair

Copies of Selected Beacon Systems' Invoices

 BEACON Graphics		www.BeaconGraphics.com Beacon Graphics 189 Meister Avenue Branchburg, NJ 08876 800 762-9205 FAX 908-231-8943		SALES INVOICE ME SI-H275110 5/21/2007			
Sign Supplies • Printing Equipment • Ink Jet Media • Graphics CD's • Heat-Applied Materials							
Customer CITY OF ADAIR LINDA NICHOLS 320 AUDUBON STREET ADAIR IA 50002 Tel: (641) 742-3751 Fax: (641) 742-5514		Contact		Ship To CITY OF ADAIR LINDA NICHOLS 320 AUDUBON STREET ADAIR IA 50002 Tel: (641) 742-3751 Fax: (641) 742-5514			
Account	Terms	Due Date	Account Rep	Schedule Date			
C5359	NET 30	6/20/2007	Mimi Hambrick				
Sales Order	PO #	Reference	Ship VIA	Page	Printed		
SO-275110			DHL EXPRESS (1...	1	12/7/2010 11:08:00 AM		
L Item	Description	Order	Ship	Price	UM	Discount	Amount
1 A7821-R-K	A7 OLYMPIC BLUE REFLECTIVE 2410	1	1	\$169.00	EA		\$169.00
2 A9595-O-K	A9 DARK BLUE 2410	1	1	\$67.50	EA		\$67.50
3 4075C-8	R-TAPE 8-1/2X100 YDS	2	2	\$21.50	EA		\$43.00
4 4075C-10	R-TAPE 10-1/2X100YDS	2	2	\$26.50	EA		\$53.00
5 4075C-12	R-TAPE 12X100YDS	2	2	\$30.35	EA		\$60.70
6 C-145-5	KNIFE BLADE 45 DEGREE CARBIDE (5 PACK)	1	1	\$75.00	EA		\$75.00
7 SH	SHIPPING/HANDLING	1	1	\$31.58	EA	\$31.5785	\$0.00
8 FFO	FREE SHIPPING & HANDLING ON THIS ORDER	1	1	\$0.00	EA		\$0.00
NOTE: All shipping/handling amounts are estimates and subject to change. You will be invoiced the actual amount of Shipping/Handling when your order is shipped. For tradeshow details visit us at http://www.BeaconGraphics.com/tradeshow.html or call #800-762-9205 (X212)		Tax Details Payment Details 01/01/00 \$0.00		Taxable Total Tax Exempt Total Payment Disc Paid Balance		\$0.00 \$0.00 \$468.20 \$468.20 \$0.00 \$468.20 \$0.00	

Obtained directly from vendor

Appendix 2

Report on Special Investigation of the City of Adair

Copies of Selected Checks to Nichols for Cars

CITY OF ADAIR

BOX 66

ADAIR, IOWA 50002

Exchange State Bank
Adair, Iowa 50002

037409

VOID AFTER 60 DAYS

CHECK #

9-1807
DATE

AMOUNT

125.00

one hundred twenty five dollars

PAY
TO THE
ORDER
OF

Wheeler for Cars

BY ORDER OF THE CITY COUNCIL

[Signature]
AUTHORIZED SIGNATURE

0000012500

09/19/2007

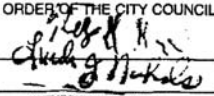
125.00


09/19/2007

125.00

Report on Special Investigation of the
City of Adair

Copies of Selected Checks to Nichols for Cars

CITY OF ADAIR BOX 66 ADAIR, IOWA 50002		Exchange State Bank Adair, Iowa 50002	038613
		VOID AFTER 60 DAYS	
CHECK #		DATE 9/09/08	AMOUNT ***250.00
TWO HUNDRED FIFTY AND 00/100 DOLLARS			
PAY TO THE ORDER OF	NICHOLS FOR CARS		BY ORDER OF THE CITY COUNCIL  AUTHORIZED SIGNATURE
[REDACTED]		09/15/2008	250.00

Federal Reserve Board of Governors Reg. CC		DO NOT WRITE IN THESE SPACES	ENDORSE HERE 
		SEP 11 2008 ATLANTIC, IOWA 712-243-6645	
		DATE TIME	
[REDACTED]		09/15/2008	250.00

**Special Investigation of the
City of Adair**

Report on Special Investigation of the City of Adair

Sample of Time Recorded by Street Department Director

MARCH '10

APRIL

MAY

"It's easy to make a buck. It's a lot tougher to make a difference."
— TOM BROSAW

29 MONDAY

30 TUESDAY
First Day of Passover

31 WEDNESDAY

APRIL

THURSDAY 1

FRIDAY 2
Good Friday
T.N.
2:30-4:00
1.5

SATURDAY 3
T.N.
7:30-9:00
1.5

SUNDAY 4
Easter Sunday / Orthodox Easter

Report on Special Investigation of the
City of Adair

Copy of Invoice for Auto Detail Cleaning Machine

Fleetwood Distributing, INC
http://www.DiscountDetailMachines.com
1811 SW Biltmore St
Port Saint Lucie, FL 34984
Toll Free: 1.866.492.4783

1683
3/13/2009



INVOICE

Ship To:

Phone: (641) 742-3751

Cell:

Serial # 02091521

Address:

ADAIR, IA 50002

Email: adairiowa@signatureblue.com

Transaction ID: 013007

Item #	Item Title	Qty	Price
	8070 Lite 2 ML2, Mytee	1	\$795.00
	Shipping & Handling, UPS	1	\$79.00
	2# Pro Clean - \$14.95 Value	2	\$0.00
	8390 Single Jet Wand No Glide, Mytee	1	\$0.00
			\$874.00

600-
810-
6509

39384

Please note that Fleetwood Company or A Better Cleaning System may appear on your credit card statement for this transaction.
Thank you.

Obtained from City records

Report on Special Investigation of the
City of Adair

Copy of Invoice for Auto Detail Cleaning Machine

A BETTER CLEANING SYSTEM
http://www.DiscountDetailMachines.com
Toll Free: 1.866.492.4783
1063 SW BILTMORE ST
PORT SAINT LUCIE, FL 34983



INVOICE 1683
Date 3/13/2009

Ship To: Brenda Nichols

Phone: (641) 742-3751

Cell:

Address: 107 8TH ST
ADAIR, IA 50002

Serial # 02091521

Email: adairiowa@signatureblue.com

Transaction ID: 013007

Item #	Item Title	Qty	Price
	8070 Lite 2 ML2, Mytee	1	\$795.00
	8390 Single Jet Wand No Glide, Mytee	1	\$0.00
	Shipping & Handling, UPS	1	\$79.00
	2# Pro Clean - \$14.95 Value	2	\$0.00
			<hr/>
			\$874.00

Please note that A Better Cleaning System will appear on your credit card statement for this transaction.
Returns subject to 20% restocking fee + 3% credit card return fee.. Returns must be preapproved before time.

Obtained directly from vendor