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NEWS RELEASE

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FOR RELEASE _____ April 13, 2012 _____

Auditor of State David A. Vaudt today released a report on a special investigation of the Burlington Community School District (District) and the Parent Teacher Organization (PTO) at Grimes Elementary School for the period August 1, 2009 through June 30, 2011. The special investigation was requested by District officials as a result of a concern District funds were improperly deposited to the PTO's bank account.

Vaudt reported the special investigation identified \$1,724.50 of District collections not deposited to District accounts. The special investigation also identified \$4,700.47 of undeposited PTO collections and \$11,073.40 of improper disbursements from the PTO's checking account.

The \$11,073.40 of improper disbursements were issued from the PTO's checking account and include 25 checks totaling \$10,099.05 issued to a former Grimes Elementary School employee, Marsha Johnson, and her family. The improper disbursements from the PTO's checking account also include a \$400.00 check to another former Grimes Elementary School employee, Dana Hanson. No improper disbursements from the District's accounts were identified.

The \$1,724.50 of undeposited District collections identified include proceeds from a fundraiser, a check issued to the School which was improperly deposited to the PTO's checking account and other miscellaneous collections. Most of the \$4,700.47 of undeposited PTO collections were proceeds from various fundraisers, including the book fairs and yearbooks.

Vaudt also reported it was not possible to determine if additional amounts were not properly deposited to the PTO's checking account because sufficient records were not available from the PTO.

Of the \$17,051.87 of improper disbursements and undeposited collections identified, \$12,368.28 is attributable to Ms. Johnson's actions and \$1,628.00 is attributable to Ms. Hanson's actions. Because the remaining \$3,055.59 of undeposited collections may have been handled by either or both Ms. Johnson and Ms. Hanson, we are unable to determine who was responsible.

The report includes recommendations to strengthen the internal controls over funds raised by affiliated organizations on behalf of schools within the District.

Copies of this report have been filed with the Burlington Police Department, the Division of Criminal Investigation, the Des Moines County Attorney's Office and the Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at: <http://auditor.iowa.gov/specials/1030-0882-BE00.pdf>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
BURLINGTON COMMUNITY SCHOOL DISTRICT
AND GRIMES ELEMENTARY SCHOOL
PARENT TEACHER ORGANIZATION**

**FOR THE PERIOD
AUGUST 1, 2009 THROUGH JUNE 30, 2011**

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Auditor of State's Report

To the Board of Directors of the
Burlington Community School District

As a result of alleged comingling of certain collections and at the request of officials of the Burlington Community School District (District), we conducted a special investigation of the District and the Grimes Elementary School Parent Teacher Organization (PTO). We have applied certain tests and procedures to selected financial transactions of the District and the PTO for the period August 1, 2009 through June 30, 2011. Based on discussions with District staff and personnel and a review of relevant information, we performed the following procedures.

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Reviewed activity in the checking account held by the PTO and accounts maintained by the District for Grimes Elementary School to identify any unusual activity.
- (3) Scanned all checks issued from the PTO checking account for the period of August 1, 2009 through June 30, 2011 for reasonableness and examined certain disbursements to determine if they were properly approved and supported by adequate documentation.
- (4) Examined deposits to accounts maintained by the District for Grimes Elementary School and the PTO checking account to determine the source, purpose and propriety of each deposit.
- (5) Obtained and reviewed activity in the checking accounts held by former Grimes Elementary School employees, Marsha Johnson and Dana Hanson, to identify any funds deposited to Ms. Johnson's or Ms. Hanson's checking accounts that should have been deposited to District or PTO accounts.

These procedures identified, \$1,724.50 of District collections not deposited to District accounts. The procedures also identified \$4,700.47 of undeposited PTO collections and \$11,073.40 of improper disbursements from the PTO's checking account. We were unable to determine whether additional collections were not properly deposited to the PTO's checking account during the period of our investigation because adequate records were not available from the PTO. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A and B** 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 Burlington Community School District, other matters might have come to our attention that would have been reported to you.

Copies of this report have been filed with the Burlington Police Department, the Division of Criminal Investigation, the Des Moines County Attorney's Office and the Attorney General's Office.

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

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 23, 2012

Burlington Community School District and
Grimes Elementary School Parent Teacher Organization
Investigative Summary

Background Information

The Burlington Community School District (District) serves approximately 4,500 kindergarten through 12th grade students. The District has 9 buildings, including the Burlington Community High School, Burlington Alternative High School, James Madison Middle School, Aldo Leopold Middle School, Black Hawk Elementary, Corse Elementary, Grimes Elementary, North Hill Elementary and Sunnyside Elementary. The District is governed by a Board of Directors (Board) composed of 7 members who are elected to 4-year terms on a non-partisan basis.

The Grimes Elementary School Parent Teacher Organization (PTO) is a collaborative organization open to all Grimes parents, teachers, administrators and interested community members. The PTO raises funds, allocates collections for student field trips, scholarships, playground improvements, safety measures, classroom supplies and equipment.

Prior to August 29, 2011, Marsha Johnson was employed by the District at Grimes Elementary School (School). During her tenure, she held the position of Office Clerk. She was also the Secretary for a brief time before she left the District's employment. As the Office Clerk, Ms. Johnson was responsible for the following functions:

- Placing, receiving or routing phone calls and other contacts for staff and students and performing routine office clerk duties and practices.
- Preparing necessary reports as requested.
- Maintaining office files and other assigned office tasks.

Ms. Johnson also served as the Treasurer of the Grimes PTO. As the Treasurer, Ms. Johnson was responsible for the following:

- Collecting money, preparing and making deposits and maintaining accurate records of monies received.
- Preparing and issuing checks for various fundraisers, reimbursements to teachers and other operations.
- Preparing and presenting Treasurer Reports, including bank account information, to the PTO Board at monthly meetings. The bank account information to be reported included beginning bank balance, list of checks and amounts, list of amounts of deposits and ending bank balance.

Prior to June 24, 2011, Dana Hanson was employed by the District as the Secretary at the School. As the Secretary, Ms. Hanson was responsible for the following:

- Preparing and/or completing various reports and transmitting the information to appropriate individuals or agencies.
- Preparing and maintaining forms or other reports for use by parents of students identified for special services, to include meeting notices, and/or additional forms.
- Receiving incoming monies and maintaining accurate records of monies received. Assisting with reconciling the School's financial transactions. Preparing and making bank deposits for the building in a timely manner. Maintaining budget and financial records for the building.
- Preparing requisitions and purchase orders for supplies and equipment, receiving and distributing materials and organizing and regulating building supplies.

According to the District's Director of Business Services, several discrepancies regarding deposits and purchases for the School were brought to the attention of District officials. Specifically, the following concerns were identified:

- A purchase order dated April 6, 2011 and prepared by Ms. Hanson was sent to a vendor for equipment costing \$1,498.00. The vendor sent an invoice for the equipment to the District office the next week, but the District office did not pay the amount owed because a copy of the related purchase order had not been submitted to the District office as required. It was subsequently determined the equipment ordered by Ms. Hanson was personal in nature and not for the School.
- No funds had been deposited into the accounts maintained by the District for the School since January 2011. Funds should have been deposited for kindergarten milk money collections, pop fund proceeds, library fines and miscellaneous collections. In addition, no funds were on hand at the School in June 2011. As the School's Secretary, Ms. Hanson was responsible for depositing the collections.
- Textbook fees were not deposited in a timely manner for the 2010-2011 school year. In addition, the amounts recorded as received at the School did not agree with the amounts deposited to the accounts maintained by the District for the School. The 2 textbook fees not properly deposited to the accounts maintained by the District were the only fees paid in cash. In addition, the registration fees paid in cash by 1 parent were not properly deposited to the accounts maintained by the District. As the School's Secretary, Ms. Hanson was responsible for depositing the textbook and registration fees.
- A reimbursement form completed for the School's petty cash account indicated Ms. Hanson paid for \$16.00 of postage costs, but she was not able to provide a receipt for the amount she paid.

On June 23, 2011, Ms. Hanson met with the District's Director of Business Services and a representative of the District's Human Resources staff. Ms. Hanson was informed if the equipment ordered in April could not be located, the matter would have to be turned over to the Burlington Police Department for investigation. She was also informed the District was required to report the matter to the State Auditor's Office.

During the meeting, the Director of Business Services also asked Ms. Hanson if any funds were missing. According to the Director, Ms. Hanson stated no funds were missing. Ms. Hanson also requested the situation not be reported to the authorities and acknowledged she was in possession of the equipment. According to the Director, Ms. Hanson asked if she would be able to pay for the equipment. She then asked the District to allow her to resign from her position. Ms. Hanson submitted her resignation on June 24, 2011.

After Ms. Hanson's resignation, Ms. Johnson was asked by District officials to take over Ms. Hanson's job duties as Secretary and she accepted. As a result of the change in her assignment, District officials required Ms. Johnson to resign as the Treasurer of the PTO because it was a conflict of interest for her to handle monies for the school and the PTO simultaneously.

Upon review of the PTO's accounting records, inconsistencies regarding District-related funds and PTO funds were identified. On August 26, 2011, Ms. Johnson was placed on administrative leave pending an investigation. Also on August 26, 2011, Ms. Johnson sent a letter to the PTO and District officials stating she had misappropriated money. Copies of the letters Ms. Johnson sent to the PTO and District officials are included in **Appendices 1** and **2**, respectively. Ms. Johnson's employment was terminated on August 29, 2011.

As a result of the concerns identified by District officials and the District's Director of Business Services, District officials requested the Office of Auditor of State review certain transactions for the School and the PTO. We performed the procedures detailed in the Auditor of State's report for the period August 1, 2009 through June 30, 2011. The District also referred the matter to the Burlington Police Department.

Detailed Findings

The procedures performed identified \$1,724.50 of district collections not deposited to District accounts. The procedures also identified \$4,700.47 of undeposited PTO collections and \$11,073.40 of improper disbursements from the PTO checking account. It was not possible to determine if all money received from fundraisers were properly deposited between August 1, 2009 and June 30, 2011 because adequate documentation was not available from the PTO. It was also not possible to determine if additional improper disbursements were made from the PTO checking account between August 1, 2009 and June 30, 2011 because adequate supporting documentation was not available. If sufficient records had been readily available, additional undeposited collections and improper disbursements from the PTO's checking account may have been identified.

The improper disbursements include \$10,099.05 of checks to Ms. Johnson and her family members, a \$400.00 check to Ms. Hanson and \$574.35 of checks Ms. Johnson issued to other parties for personal purposes. All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

IMPROPER DISBURSEMENTS

Grimes Elementary School – We selected a sample of payments made by the District on behalf of the School, including payments to School administrators and reimbursements to the PTO. We did not identify any improper payments. However, we identified reimbursements to the PTO which should have been paid directly to the vendor by the School through the District's purchase order process. Because the payments were properly supported, **Exhibit A** does not include any unsupported disbursements for the School. However, as previously stated, prior to her resignation, Ms. Hanson created an improper purchase order and received equipment from a vendor which was subsequently billed to the District. However, the controls established by the District prevented payment of the billing and led to the discovery of the improper purchase order.

In April 2011, the District's Business Office received a \$1,498.00 invoice from Musician's Friend for a Bose ToneMatch Audio Engine and a Bose Compact PA System. The invoice referenced a purchase order which the Business Office did not have. Staff from the Business Office contacted Ms. Hanson at the School and inquired about the invoice. Ms. Hanson stated she had contacted Musician's Friend for a quote only. She also stated the items were delivered but had been returned to the vendor. Ms. Hanson assured the Business Office she would take care of the matter and to discard the invoice.

In May 2011, the Business Office received a second copy of the invoice from the vendor for the same purchase. After unsuccessfully attempting to obtain additional information from Ms. Hanson about the invoice, staff of the Business Office decided to contact a representative of Musician's Friend directly on June 2, 2011. According to District staff, the representative stated there was no return authorization for the items and the packages had been signed for by Ms. Johnson when they were delivered on April 15, 2011.

The representative also sent the District Office a copy of each document related to the purchase, including a cover sheet and invoice. Staff from the District's Business Office reviewed the purchase order the representative sent and determined the District's standard purchase order form had been altered to state invoices should be sent to the School instead of being sent to the District's Business Office. A copy of the altered purchase order sent to the vendor and the District's standard purchase order are included in **Appendix 3**.

While Ms. Hanson was at the District Office, the District's Director for Business Services showed the documentation from the vendor to Ms. Hanson. She was also told there had been no return authorization. Ms. Hanson stated she had been mistaken and the items had not been returned, but the PTO would be paying for the items.

On June 7, 2011, the Principal confirmed the signature on the purchase order was not his. On June 8, 2011, the District's Business Office contacted Musician's Friend again to ensure the invoice had been paid. However, the District staff person was informed by the vendor's representative the invoice was past due. The District staff person contacted Ms. Johnson to determine if the PTO had recently paid for the equipment. However, Ms. Johnson was not available.

On June 15, 2011, the District's Director of Business Services, the Principal and the District's Human Resources Director met with Ms. Hanson to discuss the altered purchase order. Ms. Hanson initially acknowledged she forged the Principal's signature, but denied knowing the location of the equipment. After discussing what would happen next, Ms. Hanson acknowledged she was in possession of the equipment. She also requested the situation not be reported to authorities and that she be allowed to pay for the equipment and resign from the District.

When a detective from the Burlington Police Department met with Ms. Hanson on October 13, 2011, she stated she had altered the purchase order and signed the Principal's name on the purchase order. Because the purchase was personal in nature, Ms. Hanson subsequently provided a money order to District officials to pay the vendor. As a result, neither District nor PTO funds were used to pay the invoice and the \$1,498.00 is not included in **Exhibit A**.

Checks Issued by Grimes PTO – We reviewed all checks written from the PTO's checking account for the period. The PTO issues checks directly to vendors. All checks require dual signatures and checks greater than \$150.00 also require approval by the PTO's Board.

Ms. Johnson was an authorized check signer as well as a PTO Board member. We obtained the signature card for the PTO account. Ms. Hanson's name was added on June 10, 2010. According to the District's Business Coordinator, this was not authorized by the PTO Board.

We obtained the check register used by Ms. Johnson to record checks she issued from the PTO's checking account. This information was not initially included with the information Ms. Johnson turned over to the District when she resigned her position as PTO Treasurer. She stated the register had been misplaced. We reviewed the check register Ms. Johnson subsequently submitted and determined all entries were recorded in the same blue ink. It is unlikely the same pen would be used for all entries over the course of 2 years. As a result, it appears the register was not prepared at the time the checks were issued.

We obtained all bank statements, including images of checks written from the PTO's checking account. A listing of checks is included in **Exhibit B**. We reviewed all checks issued from the PTO's checking account for propriety. For some of the checks, supporting documentation was available. The remaining checks were discussed with PTO members, Ms. Johnson and/or Ms. Hanson. Based on the vendor, amount and timing of the disbursements and discussions with a member of the PTO, as well as Ms. Johnson and Ms. Hanson, a number of the checks appeared reasonable.

As illustrated by the **Exhibit**, we identified payments totaling \$11,073.40 which are improper disbursements from the PTO's checking account. This amount is included in **Exhibit A**.

The improper checks identified include the following:

- 19 checks totaling \$6,497.01 were issued to Ms. Johnson. The memo portions of the checks indicate the payments are reimbursement of certain purchases. Supporting documentation could not be located.

- 6 checks totaling \$1,702.04 were issued to Lance Johnson, Ms. Johnson's husband. The memo portions of the checks indicate the payments are reimbursement of materials and supplies. Supporting documentation could not be located.
- A \$400.00 check was issued to Ms. Hanson. A purpose for the payment could not be determined and supporting documentation could not be located.
- 5 checks were issued to Mazzio's, a locally-owned restaurant. According to the Burlington Police Department Detective, Ms. Johnson occasionally ran the cash register at the restaurant. Of the 5 checks issued to Mazzio's from the PTO checking account during the period of our investigation, 2 were appropriate and properly supported and 2 were for even dollar amounts of \$150.00 and \$164.00. There were no supporting documents or reasons documented for the checks.

The remaining check was issued for \$153.20. When the Detective spoke with Ms. Johnson about the checks, she stated the check was to pay \$133.20 for ice cream for the PTO and the remaining \$20.00 was taken in cash from the register. As a result, the \$20.00 is considered an improper disbursement from the PTO's checking account. Because a PTO member confirmed ice cream was purchased by the PTO for an event, the \$133.20 portion of the check is classified as reasonable in **Exhibit B**.

- On July 31, 2010, Ms. Johnson wrote a \$1,900.00 check from the PTO's checking account to Terri Helmick, her sister-in-law. On July 30, 2010, Ms. Johnson deposited the check to Ms. Helmick's bank account. According to the Detective who spoke with Ms. Helmick, she was with Ms. Johnson when the check was deposited. Ms. Johnson told her that her personal accounts had been frozen by the bank and asked if Ms. Helmick would allow her to deposit the check into Ms. Helmick's personal account. Ms. Helmick agreed, but was not aware the check was from the PTO's checking account or what the check was intended for.

Ms. Helmick also told the Detective Ms. Johnson increased the maximum purchase amount on Ms. Helmick's debit card to \$1,900.00 after the deposit was made. On July 31, 2010, Ms. Johnson used Ms. Helmick's debit card to pay \$1,900.00 to an attorney's office in the Des Moines area.

In addition, on August 1, 2010, Ms. Johnson wrote a \$622.04 PTO check to her husband, Lance Johnson. The check is included in **Exhibit B** and is 1 of the 6 checks described previously. On August 11, 2010, the check was deposited to Mr. Johnson's personal bank account and, on August 5, 2010, a \$600.00 check was written from the account to the same attorney's office in the Des Moines area.

Using an account history for Ms. Johnson obtained from the attorney's office, we confirmed both the \$1,900.00 and \$600.00 payments were posted to Ms. Johnson's account on August 3, 2010 and August 11, 2010, respectively. The payments were to satisfy a small claims judgment against Ms. Johnson.

- Ms. Johnson issued a \$120.00 check to First Christian Church on March 16, 2011. When the Detective spoke with Ms. Johnson about the check, she stated she wrote the check to the church and received \$120.00 cash in return.
- Ms. Johnson issued a \$120.35 check to Staples on May 26, 2011. The receipt for the payment shows a camera and some accessories were purchased. According to PTO members, the location of the camera is not known.

As previously stated, a copy of the letter Ms. Johnson provided to the District is included in **Appendix 2**. As illustrated by the **Appendix**, Ms. Johnson stated "I have paid back some and will pay back all of the money I misappropriated." The letter was dated August 26, 2011. On August 20, 2011, Ms. Johnson issued a \$4,500.00 check to the PTO from a joint account she held with her husband. It was deposited in the PTO's checking account on August 29, 2011. As a result, the \$4,500.00 is included in **Exhibit A** as a reimbursement to the PTO.

UNDEPOSITED COLLECTIONS

Miscellaneous Collections for Grimes Elementary School – Ms. Hanson’s job description states she was to receive monies and maintain accurate records of monies received. We identified 6 instances for which collections were not properly deposited to the account maintained by the District for the School. The instances are summarized in **Table 1** and explained in detail after the **Table**.

Table 1

Description	Amount Undeposited
a) Yo-yo fundraiser	\$ 965.00
b) T-shirt sales	198.00
c) Book fine	5.00
d) Text book fees	60.00
e) Cash donation	50.00
Total	\$ 1,278.00

- a) On October 26, 2010, an assembly was held at the School in conjunction with a fundraiser. During the assembly, a representative of a yo-yo vendor demonstrated various products. Yo-yos and other equipment were sold before school for 5 days after the assembly. A representative from the vendor collected money for each of the 5 days. At the end of each morning, the representative brought the money collected to Ms. Hanson at the School’s office.

The representative stated the sales for the 5 days totaled \$965.00. On December 17, 2010, the PTO issued an \$868.50 check to the vendor for 90% of the gross sales amount. However, the assembly was a fundraiser for the District rather than the PTO. As a result, on August 31, 2011 the District issued a check to the PTO for \$868.50 as reimbursement.

We reviewed the PTO’s checking account and the account maintained by the District for the School and determined the \$965.00 of gross sales were not deposited to either account. As a result, the \$965.00 is included in **Exhibit A** as undeposited collections.

- b) On September 27, 2010, t-shirts were ordered from a vendor for Grimes Elementary staff members. The order was revised on October 4, 2010 for an additional t-shirt. The total cost of all t-shirts was \$261.45. The District maintained the original list of orders. Orders were to be marked paid when the person ordering the t-shirt paid.

Small through extra-large t-shirts were sold for \$9.00 and sizes larger than extra-large were \$12.00 each. According to the order form, a total of 29 small through extra-large t-shirts and 2 double extra-large shirts were purchased. The list of orders taken shows each staff member paid for their shirt. As a result, \$285.00 was collected and should have been deposited. However, the deposit for t-shirts totaled only \$87.00. The remaining \$198.00 was not deposited to a District account.

- c) The District uses the Infinite Campus software system to track and maintain accounts by student. A student’s account included an overdue book fine of \$5.00. When the District contacted the parent for payment, the parent stated she previously paid the fine. While a receipt was not prepared for the payment and it was not included in the amounts deposited to a District account, the District believes the fine was paid but was not properly accounted for.

- d) Infinite Campus also tracks which students have paid textbook fees. The District reviewed all accounts marked as paid. The total paid per Infinite Campus totaled \$2,790.00, including \$60.00 for 2 accounts marked as paid in cash. The remaining accounts were marked as paid with check. The total deposit for textbook fees was \$2,730.00 and did not include cash. The undeposited \$60.00 is included in **Exhibit A**.

- e) The District received a letter from an employee who stated she had given Ms. Johnson \$50.00 in cash on August 19, 2011 as a donation to purchase school supplies for needy students. In addition, District officials discussed circumstances of the donation with the employee. While a receipt was not prepared for the donation and it was not deposited in a District account, the District believes the donation was made but not properly accounted for.

A total of \$1,278.00 is included in **Exhibit A** as undeposited collections for the School.

Lifetouch Proceeds - The School received a \$446.50 check from Lifetouch. Representatives of Lifetouch visit each school within the District on an annual basis to take students' pictures. The student pictures are used by the schools for administrative purposes and in yearbooks. Lifetouch pays the schools because Lifetouch receives the opportunity to sell portrait packages to the students' families or guardians. The payments are to be deposited to the accounts maintained for each school by the District.

We observed a copy of the check issued to the School by Lifetouch on November 1, 2010. However, the check was not properly deposited to the account maintained by the District for the School. Instead, it was deposited to the PTO's checking account on January 18, 2011.

Ms. Hanson would have been responsible for receiving the check at the School and depositing it to the proper account. Ms. Hanson should have expected the check from Lifetouch and would have been responsible for determining the status of the payment if it was not properly received for deposit. Because Ms. Johnson was the Treasurer of the PTO at the time the check was deposited to the PTO's checking account, she would have been responsible for deposits to the account. However, Ms. Hanson was also authorized on the PTO checking account at the time of the deposit. Since the endorsement on the back of the check was a stamp and the deposit slip did not include the name of the depositor, we are unable to determine who deposited the check to the PTO's checking account. However, both Ms. Hanson and Ms. Johnson should have determined the check was improperly deposited.

The \$446.50 is included in **Exhibit A** as undeposited collections for the School. Because it was improperly deposited to the PTO's checking account, it is also included in **Exhibit A** as a reduction of undeposited PTO collections.

Miscellaneous Collections for PTO - As the PTO Treasurer, Ms. Johnson was to receive and deposit monies to the PTO's checking account. Ms. Johnson also prepared Register Reports for the PTO Board summarizing bank account information. The amounts listed in the Register Reports for beginning balances, checks written, deposits made and ending balances could not be traced to bank statements. The Register Reports were not signed by a member of the PTO Board. We cannot determine whether the Register Reports were approved by the Board. On 6 occasions, deposits did not reconcile to supporting documentation, as summarized in **Table 2** and explained in detail after the **Table**.

Description	Amount Undeposited
a) Lifetouch	\$ 967.00
b) \$1 book sale	960.50
c) Book fairs	1,644.88
d) Garage sale	234.00
e) Activity Night	370.00
f) Fun Fest	524.09
Total	\$ 4,700.47

- a) The PTO ordered 163 yearbooks from Lifetouch at the end of the 2010/2011 school year. According to a PTO member, most of the 163 yearbooks were preordered, but all were

eventually sold for \$13.00 each. Sale proceeds were to be submitted to the School's office where they should have been collected by Ms. Hanson or Ms. Johnson.

The yearbooks were shipped to the School on April 29, 2011. The related invoice was dated May 10, 2011 and totaled \$2,034.11. The invoice should have been paid by the PTO. However, the balance in the PTO's checking account was not sufficient to allow payment of the invoice.

According to a statement received from Lifetouch, the invoice was paid on August 31, 2011 with a check from Lance Johnson, Ms. Johnson's husband. When the Detective spoke with Ms. Johnson, she stated she paid the invoice to Lifetouch as a form of repayment for the amounts she improperly disbursed from the PTO's checking account. As a result, the payment is included in **Exhibit A** as a reduction of the amount improperly disbursed from the PTO's checking account.

For the 163 yearbooks sold, the PTO should have collected and deposited \$2,119.00. On June 6, 2011, \$1,152.00 was deposited to the PTO's checking account. The deposit included checks for the yearbooks. The \$967.00 difference between the amount which should have been deposited and the actual deposit amount is included in **Table 2** and in **Exhibit A** as undeposited collections.

- b) An annual fundraiser held by the PTO is a \$1.00 book sale. The District's Title I teacher maintained a running total of sales for the book sale. The teacher recorded collections of \$430.00 on September 10, 2010, \$266.50 on February 24, 2011 and \$264.00 on May 31, 2011. No deposits could be located for any of the amounts. The undeposited total of \$960.50 is included in **Table 2** and in **Exhibit A**.
- c) For several years, the PTO has sponsored book fairs each fall and spring at the School. The books are obtained from Scholastic, which has established a Book Fair program used by a number of schools as a fundraising event. We spoke with a representative of Scholastic, who stated the level of sales at book fairs held by the PTO have not been large enough to result in any profits for the PTO. The book fairs have simply broken even for the PTO.

The Scholastic representative also explained the process followed for each book fair. Cases of books are delivered to the School along with a machine which reads debit and credit card information. The PTO is responsible for setting up the cases, making sales and collecting the appropriate amount for the books sold. After completion of the book fair, the PTO is responsible for ensuring the unsold books and the debit/credit card machine are returned to Scholastic.

All cash and checks collected are to be deposited by the PTO. However, amounts paid by debit or credit card are collected by Scholastic after the debit/credit card machine is returned to Scholastic.

In addition, a representative of the PTO is responsible for completing an on-line report after the sale which summarizes the amount of sales by cash, check and debit/credit card. Using the information entered, an invoice is generated. Because the PTO's book fair sales were not large enough to generate a profit for the PTO, the invoice amount was the total cost of the books less the amount retained by Scholastic from the debit/credit card sales. As previously stated, the remaining amount, the cash and check sales, should have been deposited by the PTO. This amount should then have been paid to Scholastic for the books sold.

We obtained copies of the invoices for the book fairs sponsored by the PTO from the fall of 2009 through the spring of 2011. We also determined the amounts Ms. Johnson deposited to the PTO's checking account for these book fairs. Because the amounts of the

invoices should agree with the amount of cash and checks collected from the sales, the invoice amounts should also agree with the amounts deposited. As illustrated by **Table 3**, the amounts deposited were consistently less than the amounts due to Scholastic. When we reviewed the amounts deposited, we determined the deposits did not include any cash. Only checks were deposited to the PTO's checking account.

Table 3

Invoice Date	Amount to be deposited	Amount deposited	Difference
10/26/09	\$ 797.69	468.03	329.66
03/24/10	1,094.50	587.85	506.65
10/25/10	872.10	432.80	439.30
03/23/11	939.30	570.03	369.27
Total	\$ 3,703.59	2,058.71	1,644.88

As illustrated by the **Table**, \$1,644.88 of collections from the book fairs was not properly deposited to the PTO's checking account. This amount is included in **Table 2** and in **Exhibit A** as undeposited collections.

For 3 of the 4 invoices, the PTO properly paid the amount due to Scholastic. However, the \$1,094.50 due for the March 24, 2010 invoice was not paid in a timely manner. According to the PTO's check register, a check was issued from the PTO's checking account in September 2010 for the invoice, but the check never cleared the account. According to the Detective, Ms. Johnson stopped payment on the check after it was issued. Based on our review of the PTO's checking account, the balance of the account in September 2010 was not significantly more than the amount of the invoice.

Because the invoice had not been paid, a Scholastic representative contacted Ms. Johnson regarding the outstanding amount and reported Scholastic would not provide books for the fall 2010 book fair if the PTO did not pay the invoice soon. Ms. Johnson paid the invoice with her personal credit card in October 2010. On October 21, 2010, she issued herself a check from the PTO's checking account for the amount of the invoice.

As the PTO Treasurer, Ms. Johnson was responsible for issuing checks to Scholastic for the amounts due and for depositing the related collections to the PTO's checking account. Even if someone other than Ms. Johnson had made the deposits, as the Treasurer, she should have known the amounts deposited were less than the amounts of the checks she issued to Scholastic. It would also have been her responsibility to determine why all the proceeds had not been properly deposited.

- d) Minutes from PTO meetings document a garage sale fundraiser was held on March 26, 2011 and the proceeds were close to \$600.00. The Register Report Ms. Johnson prepared for the same period shows \$644.00 was collected for the garage sale. However, the related deposit slip, which was dated May 9, 2011, shows only \$410.00 was deposited. The \$234.00 difference between what Ms. Johnson reported and the amount she actually deposited is included in **Table 2** and **Exhibit A** as undeposited collections.
- e) Minutes from PTO meetings document an Activity Night was held for 3rd through 5th grade students. Activities planned included Wii dance, a climbing wall, karaoke and bingo. The admission charge was \$5.00 per student. In addition to admission fees, concessions were available for the students to purchase. However, documentation was not available to determine the proceeds from selling concessions.

Minutes from PTO meetings document an Activity Night was initially planned for February 11, 2011, but the event was postponed to a later date. We identified a \$200.00 cash withdrawal on February 10, 2011. The memo line on the debit memo obtained from the bank indicates the cash was “start-up money.” Based on our review of the PTO’s checking account activity, this is the only time cash was withdrawn from the account. We did not identify the subsequent redeposit of the \$200.00 cash.

A PTO member the Detective spoke with stated he counted over 130 students who participated. As a result, at least \$650.00 should have been deposited. In addition, because a separate redeposit of the \$200.00 start-up cash was not located, the \$200.00 should have been included with the deposit from the proceeds for the evening. However, only \$480.00 was deposited to the PTO’s checking account. According to the PTO member, Ms. Hanson was collecting the admission fees and Ms. Johnson was responsible for depositing the fees collected. The \$370.00 of undeposited admission fees and the start-up cash is included in **Table 2** and **Exhibit A**. Because we are unable to determine how much should have been collected for sales from the concession stand, we have not included any undeposited collections for concession sales.

- f) According to the Register Report dated November 1, 2010 to December 30, 2010, \$4,879.91 was collected for Fun Fest. This amount was deposited on November 15, 2010. However, records maintained by the PTO fundraiser coordinator document \$5,404.00 was actually collected. The \$524.09 of undeposited collections are included in **Table 2** and **Exhibit A**.

In addition to the fundraisers described above, the PTO periodically receives donations from a local Wendy’s restaurant. The amounts received are based on sales from a particular night when patrons are asked to specify they are at the restaurant to support the PTO. To determine if all the donations from Wendy’s were properly deposited, we obtained a listing of 3 checks the local Wendy’s restaurant issued to the PTO. Only 1 of the 3 checks was issued to the PTO during the period of our review. We determined the check was properly deposited in the PTO’s checking account.

A total of \$4,700.47 is included in **Exhibit A** as undeposited collections for the PTO.

SUMMARY

As previously stated, both Ms. Hanson and Ms. Johnson had cash handling responsibilities and were involved in fundraisers held by the PTO. **Table 4** summarizes the improper and unsupported disbursements and undeposited collections for the School and the PTO by the responsible individual.

As illustrated by her letter to the PTO included in **Appendix 1**, Ms. Johnson referred to the missing money which she repaid to the PTO and stated she was not involved with the missing money which Ms. Hanson did not give to her [for deposit in the PTO’s account.] She also stated “It is my fault for not asking for the cash when I knew she had been given it.” Because sufficient records are not available from the PTO, we cannot determine who initially collected various fundraiser proceeds for the PTO and whether or not the proceeds were provided to Ms. Johnson for deposit.

Table 4

Description	Exhibit Page Number	Marsha Johnson	Dana Hanson	Unknown	Total
Improper PTO checks	Exhibit B	\$ 10,673.40	400.00	-	11,073.40
Undeposited Collections:					
Yo-yo fundraiser	Page 9	-	965.00	-	965.00
T-shirt sales	Page 9	-	198.00	-	198.00
Book fine	Page 9	-	5.00	-	5.00
Textbook fees	Page 9	-	60.00	-	60.00
Cash donation	Page 10	50.00	-	-	50.00
Lifetouch	Page 11	-	-	967.00	967.00
\$1 book sale	Page 11	-	-	960.50	960.50
Book fair	Pages 11-12	1,644.88	-	-	1,644.88
Garage sale	Page 12	-	-	234.00	234.00
Activity Night	Pages 12-13	-	-	370.00	370.00
Fun Fest	Page 13	-	-	524.09	524.09
Total		12,368.28	1,628.00	3,055.59	17,051.87
Less:					
Reimbursement from Marsha Johnson	Page 8	(4,500.00)	-	-	(4,500.00)
Payment to Lifetouch by Marsha Johnson	Page 11	(2,034.11)	-	-	(2,034.11)
Net Total		\$ 5,834.17	1,628.00	3,055.59	10,517.76

Note - The \$446.50 Lifetouch proceeds on page 10 are not included above because the proceeds were deposited. The proceeds were deposited to the PTO's checking account when they should have been deposited to a District account. We could not determine if Ms. Johnson or Ms. Hanson made the deposit.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the Burlington Community School District and the Grimes Elementary School Parent Teacher Organization to process receipts, disbursements and payroll. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the internal controls over funds raised on behalf of the schools by affiliated organizations.

- A) Guidance to Affiliated Organizations – According to an opinion of the Iowa Attorney General dated September 1, 1983, “Iowa law does not require school districts to maintain funds raised by outside organizations in the school activity account. A school district board may regulate fund-raising activity during school and school sponsored events and it may regulate the use of funds derived from those sources.”

Districts should have policies and/or procedures in place to address fund-raising activity, including:

- The Board may adopt a policy to require Board approval of all fund-raising activity, including fundraising activities of affiliated organizations such as Booster Clubs and the PTO.
- Boards should establish procedures for fund-raising activity for District-sponsored fund raisers as well as fund-raisers sponsored by outside groups and organizations to help ensure consistency and accountability over fund-raising activities.
- The Board should determine the extent, if any, of administrative support to be provided for affiliated organization fund-raising activity, including the cost and/or expense associated with staff time used in collecting payments, preparing, printing and/or assembling mailings, postage, etc.
- Fund-raising activity should be clearly designated as District-sponsored and/or sponsored by an outside group or affiliated organization to clearly establish responsibility and accountability.

In addition, the District should develop written guidance to be provided to affiliated organizations to help ensure proper accountability. Topics to be included in the guidance should include:

- 1) Segregation of Duties – An important aspect of internal controls is the segregation of duties among employees or volunteers to prevent an individual from handling duties which are incompatible. Controls over receipts and disbursements should be properly segregated among members of the affiliated organizations. In addition, the affiliated organizations’ Boards should review financial records, perform reconciliations and examine supporting documentation for accounting records on a periodic basis.
- 2) Lack of Supporting Documentation – All purchases made with the affiliated organizations’ funds should be properly supported by invoices, receipts or other appropriate documentation
- 3) Receipts – The affiliated organizations should ensure proper documentation, such as receipts or order forms for products sold, are properly prepared and maintained. In addition, members of the affiliated organizations’ Boards should ensure all funds collected are properly deposited to the organizations’ accounts.

Exhibits

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Summary of Findings
 For the period August 1, 2009 through June 30, 2011

Description	Exhibit/Table/ Page Number	Grimes Elementary School	Grimes PTO	Total
Improper Disbursements:				
Checks issued by the Grimes PTO	Exhibit B	\$ -	11,073.40	11,073.40
Undeposited Collections:				
Miscellaneous collections for Grimes Elementary School	Table 1	1,278.00	-	1,278.00
School's Lifetouch proceeds deposited to PTO's account	Page 10	446.50	(446.50)	-
Miscellaneous collections for the Grimes PTO	Table 2	-	4,700.47	4,700.47
Subtotal of undeposited collections		1,724.50	4,253.97	5,978.47
Total		1,724.50	15,327.37	17,051.87 *
Less: Reimbursement from Marsha Johnson	Page 8	-	(4,500.00)	(4,500.00)
Payment to Lifetouch by Marsha Johnson	Page 11	-	(2,034.11)	(2,034.11)
Net Total		\$ 1,724.50	8,793.26	10,517.76

* - Of the \$17,051.87 total, \$12,368.28 is attributable to Ms. Johnson's actions and \$1,628.00 is attributable to Ms. Hanson's actions. Because the remaining \$3,055.59 of undeposited collections may have been handled by either or both Ms. Johnson and Ms. Hanson, we are unable to determine who was responsible.

^ - Includes \$198.00 collected from the staff of Grimes Elementary School for t-shirts. District funds were not lost.

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PTO Disbursements
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Check Number	Check Date	Vendor	Memo	Amount
1393	08/16/09	Hy Vee	<i>None</i>	\$ 21.63
1394	08/20/09	Hy Vee	<i>None</i>	48.44
1395	08/19/09	Hy Vee	<i>None</i>	17.52
1396	08/20/09	Marsha Johnson	merchandise	400.00
1397	08/24/09	Vicki Woods	teacher reimbursement	45.82
1398	08/25/09	Marsha Johnson	cash start up (money bag)	150.00
1399	09/04/09	Cathie Escorcica	Teacher reimb	100.00
1400	09/04/09	Jennifer McLaughlin	Teacher reimb	73.42
1401	09/04/09	Meghan Brown	Teacher reim	27.96
1402	09/08/09	Breyanna Blair	babysitting	10.00
1403	09/10/09	Marsha Johnson	homecoming parade	125.00
1404	09/22/09	Embellishment's & Designs	merchandise	771.29
1405	09/18/09	Megan Snyder	homecoming parade	20.30
1406	09/22/09	Marsha Johnson	fallfest/merchandise/ins	1,700.00
1407	09/25/09	Megan Snyder	<i>None</i>	13.54
1408	09/30/09	Lance Johnson	bldg supplies	230.00
1409	10/27/09*	Scholastic Payment	<i>None</i>	21.00
1410	10/30/09	Kennys Roller Rancher	roller skating party	519.00
1411	10/06/09	Original Works	<i>None</i>	1,531.78
1412	11/11/09	Karen Dewey	teacher reimbursement	100.00
1413	10/09/09	Julie Coleman	teache reimb	25.58
1414	10/10/09	Mikayla Walker	babysitting	20.00
1415	09/20/09	Rhode Island Novelty	<i>None</i>	168.46
1416	10/20/09	Two Rivers Insurance Services	Insurance	200.00
1417	11/23/09	Beth Whetstone	teacher reimb	81.32
1418	11/23/09	Becky Hays	teacher reimb	113.00
1419	11/20/09	Scholastic	<i>None</i>	55.25
1420	11/30/09	Staples	<i>None</i>	40.64
1421	11/16/09	Debbie Snowden	popcorn machine	200.00

Description per Invoice	Reasonable	Improper
^	21.63	-
^	48.44	-
muffins, charmin ultra, napkins, plastic plates	17.52	-
^	-	400.00
recognition certificates, pattern paper	45.82	-
^	-	150.00
window cleaner, paper towels, crayons, 2 pocket folders	100.00	-
classroom decorations, stuff for project	73.42	-
^	27.96	-
^	10.00	-
^	-	125.00
^	771.29	-
^	20.30	-
^	-	1,700.00
^	13.54	-
^	-	230.00
^	21.00	-
^	519.00	-
^	1,531.78	-
^	100.00	-
^	25.58	-
^	20.00	-
120 dozen 4" footballs	168.46	-
insurance payment	200.00	-
^	81.32	-
^	113.00	-
^	55.25	-
^	40.64	-
^	200.00	-

Report on Special Investigation of the
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	Check Date	Vendor	Memo	Amount
1422	12/16/09	Subway	patrol	70.56
1423	12/14/09	Lance Johnson	popcorn cart	200.00
1424	12/20/09	Marsha Johnson	Teacher present reimb	400.00
1425	12/19/09	Marsha Johnson	reimbursement teacher christmas	120.00
1426	12/18/09	Embellishment's & Designs	<i>None</i>	89.23
1427	01/09/10	Marsha Johnson	x-mas party reimb room + food	500.00
1428	01/11/10	Scholastic Book Clubs	\$1.00 Book Sale	344.00
1429	12/18/09	GTA	334-118-00	369.34
1430	12/18/09	Oriental Trading	28802362	450.95
1431	01/06/10	Amy Huston	techer reimb	33.88
1432	1/12/10*	Scholastic Book Clubs	RIF	310.66
1433	01/11/10	Jackie Thompson	teacher reimb	13.49
1434	12/18/09	Vicki Woods	techer rim	23.80
1435	12/18/09	Robbin Poling	teacher reimb	99.16
1436	01/12/10	Beth Duerksen	teacher reimb	25.00
1437	01/12/10	Stephanie Dodge	ADEDOTNE reimb	186.14
1438	01/14/10	Lance Johnson	bldg. material for Amazing race	100.00
1439	01/15/10	E & D	<i>None</i>	474.35
1440	01/25/10	Cammy Kelly	<i>None</i>	20.00
1441	01/28/10	Marsha Johnson	ITBS Animal Crackers Walmart	70.00
1442	02/05/10	Helen Weitzel	teacher reimb	21.40
1443	2/11/10*	Hy Vee	ITBS Animal Crackers Walmart	46.95
1444	02/15/10	Embellishment's & Designs	<i>None</i>	689.84
1445	02/18/10	Randy Werhle	teacher reimb	72.23
1446	02/24/10	Cammy Kelly	patrol	20.00
1447	03/02/10	Chuck Benge	patrol	100.00
1448	02/26/10	Helen Weitzel	teacher reimb	10.70
1449	03/02/10	Cheryl Behnke	teacher reimb	100.00
1450	03/09/10	Interstate Books 4 School	RIF	151.43
1451	03/02/10	Scholastic Book Fairs	RIF	797.69

Description per Invoice	Reasonable	Improper
party subs	70.56	-
^	-	200.00
^	-	400.00
^	-	120.00
^	89.23	-
^	-	500.00
^	344.00	-
ordered by Megan Snyder	369.34	-
^	450.95	-
yellow paper, puffs, dry erase markers	33.88	-
<i>none</i>	310.66	-
cut-up giant number line	13.49	-
candy, ice cream, paper bowls, plastic spoons	23.80	-
remote	99.16	-
Friday pizza	25.00	-
cd holder, air hockey tables, skate boards, stockings	186.14	-
^	-	100.00
tees	474.35	-
^	20.00	-
^	-	70.00
pizza from little ceasars	21.40	-
^	46.95	-
tees	689.84	-
dishpans	72.23	-
^	20.00	-
books, sugar cookies, popcorn,	100.00	-
3 drawer cart	10.70	-
Time magazine	100.00	-
25% of 605.35	151.43	-
Scholastic Fair Sales	797.69	-

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Check Number	Check Date	Vendor	Memo	Amount
1452	03/17/10	Staples	none	40.64
1453	03/18/10	Marsha Johnson	book fair start up money	435.89
1454	03/23/10	Mary Sereda	Fundraiser checks	326.00
1455	03/24/10	Hy Vee	conf. food	73.16
1456	04/12/10	Lance Johnson	None	400.00
1457	04/16/10	Lance Johnson	reimb for supplies	150.00
1458	04/16/10	Helen Weitzel	teacher reimb	46.90
1459	04/01/10	Zach Dahl	Teacher reimb	38.05
1460	05/04/10	Hobby Lobby	Teacher Apperciation	25.25
1461	05/04/10*	Dollar Tree	Teacher Apperciation	19.24
1462	05/04/10*	Hy Vee	None	51.23
1463	05/05/10*	Walgreens	None	26.87
1464	05/06/10*	Hy Vee	None	30.05
1465	05/06/10	Marsha Johnson	I+W week countdown	400.00
1466	05/14/10	Mazzio's	Ice cream (kohls)	153.20
1467	05/14/10	Little Ceaser's	Pizza	64.20
1468	05/10/10	Scholastic Book Clubs Inc	\$1 Book Sale	436.00
1469	05/17/10	Cammy Kelley	Safety Patrol	75.44
1470	05/10/10	Beth Duerksen	teacher reimb	40.00
1471	05/20/10	Stephanie Dodge	ADEDOTNE	314.93
1472	06/02/10	Des Moines County Historical Society	5th grade trip	96.00
1473	Voided	-	-	-
1474	06/01/10	Books 4 School	RIF	84.34
1475	06/01/10	Scholastic	RIF	63.19
1476	06/01/10	Marsha Johnson	teacher reimbursement used credit card	302.58
1477	06/01/10	Lifetouch	yearbooks	2,014.08
1478	06/15/10	Marsha Johnson	reimbursement	452.36
1479	06/30/10	Embellishment's & Designs	merchandise	267.13
1480	07/26/10	Marsha Johnson	reimb using credit card	303.67
1481	Voided	-	-	-
1482	Voided	-	-	-

Description per Invoice	Reasonable	Improper
	-	
^	40.64	-
^	-	435.89
^	326.00	-
^	73.16	-
^	-	400.00
^	-	150.00
^	46.90	-
binders and dry erase markers	38.05	-
^	25.25	-
^	19.24	-
^	51.23	-
^	26.87	-
^	30.05	-
^	-	400.00
^	133.20	20.00
^	64.20	-
^	436.00	-
^	75.44	-
blue felt graduation caps	40.00	-
^	314.93	-
^	96.00	-
	-	-
^	84.34	-
^	63.19	-
^	-	302.58
^	2,014.08	-
^	-	452.36
^	267.13	-
^	-	303.67
	-	-
	-	-

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Check Number	Check Date	Vendor	Memo	Amount
1483	07/31/10	Terri Helmick	reimbursement	1,900.00
1484	08/01/10	Lance Johnson	bldg. material for Amazing race	622.04
1485	09/08/10	Mazzio's	None	150.00
1486	09/20/10	Marsha Johnson	Mardi Gras Beads Parade	195.00
1487	Voided	-	-	-
1488	10/22/10	Scholastic	None	11.00
1489	10/18/10	Marsha Johnson	Scholastic cc payment	1,094.50
1490	10/21/10	Marsha Johnson	conference food	150.00
1491	10/25/10	Helen Weitzel	None	9.00
1492	10/28/10	Mazzios	PT conference	68.21
1493	10/29/10	Kennys Roller Rancher	None	555.00
1494	10/28/10	Burlington Hawkeye	None	63.26
1495	11/04/10	Jenny Vogelgesang	None	286.29
1496	11/09/10	Original Works	None	1,367.26
1497	11/12/10	Des Moines Co Historical Society	None	90.00
1498	12/03/10#	Follett Library Resources	None	1,999.69
1499	12/06/10	Scholastic Payment	None	425.00
1500	11/19/10	Stephanie Dodge	ADEDOTNE	164.61
1501	11/23/10	Embellishment's & Designs	None	297.54
1502	11/23/10	Chuck Benge	None	320.34
1503	11/23/10	Helen Weitzel	None	21.40
1504	11/29/10	Cammy Kelley	patrol	20.00
1505	12/09/10	Marsha Johnson	scholastic reimb	276.00
1506	12/16/10	Hy Vee	None	15.64
1507	12/17/10	Hy Vee	None	25.00
1508	12/15/10	Little Ceaser's	patrol lunch	67.38
1509	12/15/10	Cathie Escorcia	teacher reimb.	72.76
1510	12/10/10	Michelle Masters	FunFest	106.49
1511	12/17/10	Mazzio's	Micah Oleson reimb	50.00
1512	12/17/10	Around the World Yo Yo	yo-yo's	868.50

Description per Invoice	Reasonable	Improper
^	-	1,900.00
^	-	622.04
^	-	150.00
^	-	195.00
-	-	-
^	11.00	-
^	1,094.50	-
^	-	150.00
large reg	9.00	-
pizza	68.21	-
^	555.00	-
balance due	63.26	-
various	286.29	-
various	1,367.26	-
^	90.00	-
books	1,999.69	-
books	425.00	-
batteries, guitars, butterfly chair	164.61	-
tees	297.54	-
various	320.34	-
pizza	21.40	-
^	20.00	-
^	-	276.00
^	15.64	-
^	25.00	-
5 cheese pizza, 4 pepperoni, 3 sausage	67.38	-
christmas stockings	72.76	-
various	106.49	-
^	50.00	-
^	868.50	-

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Check Number	Check Date	Vendor	Memo	Amount
1513	12/20/10	Domino's Pizza	<i>None</i>	31.51
1514	12/20/10	Kelly Lawler	water	20.00
1515	12/20/10	Kassidy Lawler	babysitting	40.00
1516	01/12/11#	Becky Hays	<i>None</i>	53.48
1517	01/18/11#	Marsha Johnson	reimb for using Visa	152.67
1518	01/13/11	Staples	<i>None</i>	27.80
1519	01/10/11	Libba Flores	reimb	29.92
1520	12/15/10	Janet Brissey	teacher reimb	79.17
1521	01/17/11	Zach Dahl	teacher reimb	78.54
1522	01/17/11	Vicki Woods	teacher reimb	65.50
1523	01/17/11	Beth Duerksen	teacher reimb.	18.00
1524	01/11/11	Scholastic Book Fairs	32718694FR	872.10
1525	01/18/11	Embellishment's & Designs	merchandise	520.58
1526	01/20/11	Cammy Kelley	patrol	30.00
1527	01/21/11	Becky Hays	teacher reimb	15.01
1528	01/25/11	Farm King	<i>None</i>	12.82
1529	10/10/10	Two Rivers Insurance Services	Insurance	200.00
1530	02/17/11	Stephanie Dodge	ADEDOTNE	117.62
1531	02/18/11	Marsha Johnson	Kind. Roundup supplies (Lifetouch)	61.26
1532	05/08/11	Marsha Johnson	I+W wekk teacher appreciation	302.58
1533	02/04/11	Chuck Benge	Teacher reimb + FunFest	198.72
1534	02/28/11	Staples	Classroom supplies Lifetouch money	106.12
1535	02/28/11	Target	Teacher supplies Lifetouch	36.56
1536	03/02/11	Cristina White	Teacher reimb	90.16
1537	03/02/11	Teacher Direct	teacher order P4423514	99.98
1538	03/02/11	Classroom Direct	teacher reimb	58.91
1539	03/14/11	Hy Vee	<i>None</i>	20.03
1540	03/14/11	AKJ Book	RIF IA0014	232.35
1541	03/14/11	Scholastic	RIF IA0014	27.69

Description per Invoice	Reasonable	Improper
^	31.51	-
^	20.00	-
^	40.00	-
Staples - 3M copier Film, Happy Joes pizza	53.48	-
^	-	152.67
^	27.80	-
christmas	29.92	-
rug	79.17	-
paper clips, paper, etc	78.54	-
stickers, pencils, etc	65.50	-
christmas stockings	18.00	-
balance due	872.10	-
^	520.58	-
^	30.00	-
whoopee cushion, shaving cream, bubble gum, etc	15.01	-
ice melter	12.82	-
renewal	200.00	-
^	117.62	-
^	-	61.26
^	-	302.58
various	198.72	-
flue, paper clips, post its, paper, dry erase markers, crayoloas,	106.12	-
beautyxxx	36.56	-
match cards magnets, etc	90.16	-
calculator, protractor, etc	99.98	-
pencil sharpner, note pads, tablets, etc	58.91	-
^	20.03	-
RIF Books	232.35	-
RIF Books	27.69	-

Report on Special Investigation of the
Burlington Community School District and
Grimes Elementary School Parent Teacher Organization

PTO Disbursements
For the period August 1, 2009 through June 30, 2011

Check Number	Check Date	Vendor	Memo	Amount
1542	03/16/11	First Christian Church	change	120.00
1543	03/28/11*	Hy Vee	conf	44.39
1544	04/05/11	Embellishment's & Designs	merchandise	81.68
1545	02/28/11	Science Station	Tead Read	500.00
1546	04/18/11	Discovery Depot	Hays + Behnke	82.00
1547	04/08/11	Beth Duerksen	<i>None</i>	30.00
1548	04/08/11	Kim Orton	<i>None</i>	35.28
1549	<i>None</i>	Curly Inn	<i>None</i>	60.00
1550	04/27/11	Cammy Kelley	patrol	30.00
1551	05/06/11	Wild Encounters	assembly	395.00
1552	05/04/11	Debbie Snowden	hamburgers	48.94
1553	05/09/11	Hy Vee	<i>None</i>	52.55
1554	05/10/11	Micah Oleson	teacher reimb	21.51
1555	05/10/11	Randy Werhle	teacher reimb	21.51
1556	05/11/11	Kassidy Lawler	jan/feb/march/april/may	50.00
1557	Voided	-	-	-
1558	Voided	-	-	-
1559	Voided	-	-	-
1560	05/20/11	Hy Vee	<i>None</i>	67.13
1561	05/19/11	Fareway	<i>None</i>	57.41
1562	05/19/11	Fran Mapel	teacher reimb	30.49
1563	05/19/11	Des Moines Co Historical Society	teacher reimb	48.00
1564	05/20/11	Stephanie Dodge	ADEDOTNE	375.51
1565	05/24/11	Randy Wehrle	teacher reimb	64.92
1566	05/24/11	Vicki Woods	teacher reimb	35.00
1567	05/12/11	Janet Brissey	teacher reimb	22.60
1568	05/24/11	Michelle Houdek	teacher reimb	100.00
1569	05/24/11	Jennifer McLaughlin	teacher reimb	100.00
1570	05/24/11	Cheryl Behnke	teacher reimb	100.00
1571	05/24/11	Beth Duerksen	teacher reimb	23.00

Description per Invoice	Reasonable	Improper
^	-	120.00
^	44.39	-
Grimes logo shirts	81.68	-
Space Exploration Day	500.00	-
^	82.00	-
construction paper	30.00	-
pizza party	35.28	-
^	60.00	-
^	30.00	-
Grimes - May 10 8:40	395.00	-
^	48.94	-
^	52.55	-
ice cream	21.51	-
ice cream	21.51	-
babysitting	50.00	-
-	-	-
-	-	-
-	-	-
^	67.13	-
crystal light	57.41	-
^	30.49	-
student tours	48.00	-
bag toss, lasso golf, xxx	375.51	-
rootbeer, pizza	64.92	-
post-its, leeter	35.00	-
stationary	22.60	-
books, manwich, beef, buns, etc	100.00	-
rug, xxx	100.00	-
candy, frito's, lysol, etc	100.00	-
graduation caps	23.00	-

Report on Special Investigation of the
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PTO Disbursements
For the period August 1, 2009 through June 30, 2011

Check Number	Check Date	Vendor	Memo	Amount
1572	05/25/11	Kim Orton	teacher reimb	64.72
1573	05/25/11	June Dirks	teacher reimb	56.40
1574	05/26/11	Staples	<i>None</i>	120.35
1575	06/01/11	Dana Hanson	office supplies	400.00
1576	05/06/11	First Christian Church	Ice cream	152.10
1577	05/31/11	Scholastic	RIF IA0014	191.69
1578	05/31/11	AKJ Book	RIF IA0014	91.57
1579	05/31/11	Books 4 School	RIF IA0014	26.26
1580	06/05/11	Mazzio's	<i>None</i>	164.00
		Total		\$ 38,227.15

^ - Invoice not located.

* - Copy of check not available. Redeemed date is shown.

- Date recorded on check was incorrect. Redeemed date is shown.

	-	
<u>Description per Invoice</u>	<u>Reasonable</u>	<u>Improper</u>
frozen food, photos	64.72	-
minute maid, subs, bananas	56.40	-
^	-	120.35
^	-	400.00
ice cream sundaes	152.10	-
books	191.69	-
books	91.57	-
books	26.26	-
^	-	164.00
	<u>27,153.75</u>	<u>11,073.40</u>

Report on Special Investigation of the
Burlington Community School District and
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Staff

This special investigation was performed by:

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



Tamera S. Kusian, CPA
Deputy Auditor of State

Appendices

**Special Investigation of the
Burlington Community School District and
Grimes Elementary School Parent Teacher Organization**

Special Investigation of the
Burlington Community School District and
Grimes Elementary School Parent Teacher Organization

Copy of Letter from Marsha Johnson to the PTO

letter to PTO received 8-29-11

I would first like to say I am sorry, I know this does not mean much right now when everyone is angry, hurt, and feeling betrayed, but I am very sorry for doing this. I am not able to say why it happened, I hit rock bottom which no one would know because I try and put on a happy face everyday and make sure everything seems okay, not even my family knew which I am very close to. Please do not blame my family, they had no idea, I used there names without them knowing and I am very ashamed of that.

I know nothing I can say right now will make this situation better, but I just pray that you might in due time be able to understand that I made a mistake and I am very sorry for this.

The missing money which I am responsible for is paid back, and I would like you to know that I am not involved with the missing money which Dana did not give me. It is my fault for not asking for the cash when I knew she had been given it, but I did think she would just give it to me at the end of the year, so I am sorry for that.

You have no idea the guilt and stress I have put myself through during this time, and I know you probably do not care, but when discussing what you will do with this matter please take into consideration my kids which mean the world to me. I know I have done something wrong and I am very sorry and have tried to make it right by paying it back. I know that people need to be held accountable, but you have no idea how I have been punishing myself over this, I know you will do what you have to do but remember I am very, very sorry for this and wish I could take it back but I can not.

People make mistakes, some bigger than others, I am angry with myself for doing this, but if you could find it in your hearts to give me a chance and let me kids have some peace over this I would be in your debt forever. I am probably punishing myself more than anyone else ever could, but all I can say is I am sorry, and I know that this does not seem enough.

Thank you for allowing me to write this letter, and if at all possible if you could let me know what you decide so I can prepare my kids and my family for what is to come. Please let me say again I am sorry and if you could think about my family during your decision I would be forever grateful.

Sincerely,
Marsha Johnson

Special Investigation of the
Burlington Community School District and
Grimes Elementary School Parent Teacher Organization

Copy of Letter from Marsha Johnson to District Officials

I messed up with PTO money, I have written checks to family and to help myself out in time of need and I am very ashamed of that. I have paid back some and will pay back all of the money I misappropriated. I know it was the wrong thing to do and I cannot say I am sorry enough, I do not know why this happened it just seemed I was falling more and more into trouble and did not know what to do and I am sorry for that.

The cash that is missing from PTO was not having to do with me. Checks were made and I will list them and give them to you.

Cash having to do with garage sale concessions, activity night, \$1.00 book stores, merchandise, yearbooks and other cash given in the office to Dana had nothing to do with me.

I have not used ~~for~~ any school funds for anything and have not misappropriated any school funds. This was just a PTO thing that I am not proud of and want to make right.

I am very sorry and would greatly

Special Investigation of the
Burlington Community School District and
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Copy of Letter from Marsha Johnson to District Officials

appreciate it if you would think
of my kids when discussing this and
what is going to be done. They do not
deserve to go through what might
happen if charges are pressed so please
if you could take into consideration
this and not press charges I would be
greatly in your debt. I know everyone
is angry and I do not blame them, I
am angry at myself and wish this
did not even happen. I apologize to
everyone because you are like
family and this is not suppose to
happen. I have made a big mistake
and I will have to live with this
the rest of my life and it will
eat me alive. please forgive me
and please think of my children. I
love Grimes and do not know what I
was thinking and the PTO will get
every penny back. I am angry with
myself and very sorry.

Marsha Johnson
8-26-11

Special Investigation of the
 Burlington Community School District and
 Grimes Elementary School Parent Teacher Organization

Copies of Altered Purchase Order and District's Standard Purchase Order

Purchase Order

PURCHASE ORDER 03106

Burlington Community School District
 Burlington, Iowa

INVOICES & INQUIRIES TO: District Secretary
 Burlington Community School District
 1429 West Avenue
 Burlington, IA 52601-4099
 319-753-6791 Ext. 106
 Fax 319-753-6796

TO: [REDACTED]
 Burlington, IA 52601

SHIP TO: Burlington Community School District
 Food Service Department
 1020 Market Street
 Burlington, IA 52601

DATE July 13, 2009

QUANTITY	UNIT	DESCRIPTION	UNIT PRICE	AMOUNT
		[REDACTED]		
		[REDACTED]		
		[REDACTED]		
		Sub-Total		
		S/H		
		Total		

RECEIVED
 JUL 14 2009

DEC 14 2009

Instructions to Vendors:

1. Submit your invoice, in duplicate, to the Business Office, in order to receive payment.
2. Each shipment must be covered by separate invoice.
3. If shipment cannot be made as requested, notify us at once.
4. All transportation charges, if any, are prepaid and added to the invoice.
5. Show person's name to whom package is being delivered, on each package and carton.

Delivery: F.O.B. Burlington, Iowa
 Shipping Point, Please Prepay and Add

Federal Tax ID No. 42-6037437
 (School districts are exempt from Payment of State Sales, Use Tax, Federal Excise & Transportation Tax)

By: *[Signature]*
 SUPERVISOR/PRINCIPAL

REQUISITION NO.:

BUDGET ACCOUNT CODE: 61-3109-3110-000-0000-631 61-2080-3110-000-0000-631
 61-2180-3110-000-0000-631

VENDOR'S COPY - white ACCOUNTING DEPARTMENT - canary BUILDING SECRETARY - pink