



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

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

FOR RELEASE _____ March 30, 2006 _____

Auditor of State David A. Vaudt today released a report on a special investigation of the Boone Community School District. The report covers the period July 1, 2001 through November 30, 2005. The special investigation was requested by District officials as a result of concerns identified with disbursements made by the District's former Business Manager. Mickey Heath was terminated from the District's employment on October 28, 2005.

Vaudt reported the special investigation identified \$208,649.33 of improper disbursements. The improper disbursements included \$140,301.34 of payments to the former Business Manager, \$39,930.00 of checks issued to Boone Bank & Trust which were redeemed for cash and \$27,090.00 of checks issued to Boone Community School District, or a specific school within the District, which were not deposited to District accounts. In addition, the District paid \$1,327.99 of unauthorized payroll to the former Business Manager.

Vaudt also reported 88 of the 174 checks improperly issued by the former Business Manager were recorded in the District's accounting system. However, the entries in the accounting system did not reflect the actual payee for 79 of the checks.

The report also includes recommendations to the District to strengthen the District's internal controls.

Copies of the report have been filed with the Boone Police Department, the Boone County Attorney's Office, the Division of Criminal Investigation and the Attorney General's Office. A copy of the report is available for review at the Boone Community School District, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/specials/specials.htm>.

**REPORT ON SPECIAL INVESTIGATION
OF THE
BOONE COMMUNITY SCHOOL DISTRICT
FOR THE PERIOD
JULY 1, 2001 THROUGH NOVEMBER 30, 2005**

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Auditor of State's Report

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

As a result of alleged improprieties regarding certain disbursements and at your request, we conducted a special investigation of the Boone Community School District (District). We have applied certain tests and procedures to selected financial transactions of the District for the period July 1, 2001 through November 30, 2005. Based on discussions with District personnel and a review of relevant information, we performed the following procedures:

- (1) Evaluated internal controls surrounding transactions processed by the District Office to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Scanned images obtained from the bank of all disbursements from the District's checking accounts to identify any checks issued to unusual payees or for unusual amounts.
- (3) Examined all cash withdrawals from the District's checking accounts to determine whether they were appropriate.
- (4) Examined documentation for certain checks issued from the District's checking accounts to determine whether they were appropriate and properly supported.
- (5) Examined payroll disbursements to the former Business Manager to determine whether the payments were in accordance with the former Business Manager's employment contract.
- (6) Obtained and reviewed the former Business Manager's personal bank statements to identify the source of certain deposits made to his accounts.
- (7) Confirmed payments made to the District by the State of Iowa and Boone County to determine whether they were properly deposited to the District's accounts.

These procedures identified \$208,649.33 of improper disbursements. However, copies of bank documents or other supporting documentation were not readily available for all checks issued to the District or a specific school within the District. If we were able to review all redemption information for the checks which were not available, we may have identified additional improper disbursements. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **F** 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 Boone

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 Boone Police Department, the Boone County Attorney's Office, the Division of Criminal Investigation and the Attorney General's Office.

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of the Boone Community School District during the course of our investigation.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 21, 2006

Boone Community School District

Investigative Summary

Background Information

Mickey Heath began employment as the District Secretary/Business Manager (Business Manager) for the Boone Community School District in September 1997. As the Business Manager, Mr. Heath was responsible for oversight of the District's financial operations. He maintained the District's bank accounts, was custodian of District investments and supervised the individuals who prepared disbursements for District obligations and deposits for the District. He also prepared various types of financial information for the Board, including a monthly listing of disbursements for its approval.

According to District officials we spoke with, all disbursements are to be made by checks drawn on District accounts. District obligations are not to be paid in cash. All checks are printed using a software product called "Create-A-Check." Using this software, the individual preparing the checks specifies the individual check numbers or the range of numbers to be used. All checks also contain electronic images of the Board President's and the Business Manager's signatures. None of the checks are reviewed by someone independent of their preparation.

When the District receives an invoice, the disbursement information is entered into the District's accounting software and account codes are applied to the transaction. However, a check is not immediately prepared for the payment. Just prior to the Board's monthly meeting, the accounting software is used to prepare a report of pending disbursements for the Board's review and approval. After the Board's approval, Mr. Heath was responsible for overseeing preparation of checks for all authorized disbursements. Disbursements approved by the Board are loaded into the Create-A-Check software using a computer disk containing payment data.

Disbursements are typically approved by the Board prior to their payment. However, in accordance with the District's written policy, certain payments are made prior to the Board's review and approval. Payments of this type include routine disbursements such as utilities, postage and payments to referees for athletic events. Checks for these disbursements are referred to as "manual checks." The manual checks are to be subsequently recorded in the District's accounting system and presented to the Board for approval as a prepaid disbursement. However, an independent review is not performed to ensure they are properly recorded and approved. Information for each manual check is entered individually into the "Create-A-Check" software program by the check preparer. In addition to manually assigning the check number, the preparer must also specify the payee and amount of each manual check. The manual checks are automatically recorded in an activity log created by the software, which identifies the preparer through the individual's User ID.

According to District officials we spoke with, the District was to convert the accounting system to one that integrated the check preparation process with the accounting records, thereby requiring the vendor recorded in the accounting system to agree with the payee on the check. This conversion was to take place during the first quarter of calendar year 2005. However, according to District officials, the conversion was delayed by Mr. Heath.

Mr. Heath was terminated from employment on October 28, 2005 for inappropriate use of District computer equipment. Subsequent to his termination, Mr. Heath requested certain personal items from his office. In an effort to secure District financial information, District personnel sorted through the records maintained in Mr. Heath's office to separate District information from his personal effects. During this process, a folder containing copies of check

stubs issued to questionable payees was discovered. Because the checks did not appear appropriate, the District requested the Office of Auditor of State to conduct an investigation of the District's financial transactions. As a result of that request, we performed the procedures detailed in the Auditor of State's Report for the period July 1, 2001 through November 30, 2005.

Detailed Findings

These procedures identified \$208,649.33 of improper disbursements between July 1, 2001 and November 30, 2005. However, copies of bank documents or other supporting documentation were not readily available for all checks issued to the District or a specific school within the District. If we were able to review all redemption information for the checks which were not available, we may have identified additional improper disbursements. All improper disbursements are summarized in **Exhibit A** and a detailed explanation of each finding follows.

Improper Disbursements – We identified improper disbursements from the District's checking accounts beginning in October 2001. The improper checks were issued to 3 payees. We extended our procedures through November 30, 2005 to determine whether any checks issued prior to Mr. Heath's termination were redeemed during the subsequent month. Based on discussions with District personnel and our review of available records, we determined certain financial duties such as bank reconciliations were previously performed by the Superintendent, thereby reducing the likelihood improper disbursements would go undetected for an extended period of time. The Superintendent retired at the end of the 2000-2001 school year. The new superintendent did not choose to perform the bank reconciliations. The reconciliations were then performed by Mr. Heath. The initial improper disbursement occurred on September 20, 2001.

- **Payments to Mickey Heath** - We identified 46 improper checks payable to Mickey Heath. The checks total \$140,301.34 and are listed in **Exhibit B**. The total has also been included in **Exhibit A**.

Of the 46 checks, 43 were manual checks. Using report information available from the Create-A-Check software system, we determined all but 1 of the 43 manual checks were prepared using Mr. Heath's User ID and password. The remaining check was written using the User ID and password of an employee who had left the District prior to the date the check was prepared. According to District personnel we spoke with, Mr. Heath was the only employee in the District Office who had access to all employee User IDs and passwords.

As illustrated by **Exhibit B**, we were able to determine all but 1 of the 46 checks were redeemed for cash. On several occasions, Mr. Heath redeemed a portion of a check for cash and deposited the balance into his personal account.

We attempted to trace each of the 46 payments to the District's accounting records and identified 12 instances in which the disbursement was recorded in the accounting system with the same date and amount; however, the payee in the accounting system was different for 11 of the 12 disbursements. The remaining 34 improper checks were not recorded in the accounting system.

- **Payments to Boone Bank & Trust** – We identified 76 checks issued to Boone Bank & Trust totaling \$39,930.00. The payments have been listed in **Exhibit C** and the total is included in **Exhibit A**.

Of the 76 improper checks to Boone Bank & Trust, 49 were manual checks. Using report information available from the Create-A-Check software system, we determined 46 of the 49 checks were prepared using Mr. Heath's User ID and password. The remaining 3 checks were written using the User ID and password of an employee who had left the District prior to the date the check was prepared.

Using bank codes printed on the redeemed checks, we determined each of the 76 checks was redeemed for cash. According to District officials, a bank representative stated bank employees recalled Mr. Heath redeeming District checks for cash. By reviewing the image of the endorsement on the back of each of the improper checks issued to Boone Bank & Trust, we identified 17 checks with a manual signature of Mr. Heath's name. The remaining 59 checks did not contain an endorsement.

As with the improper checks issued to Mr. Heath, we identified 36 instances in which the disbursement was recorded in the accounting system with the same date and amount; however, the payee was different for 33 of the 36 disbursements. The remaining 40 improper checks were not recorded in the accounting system.

Of the 76 improper disbursements to Boone Bank & Trust, 2 are supported by documentation. Check number 33531 is supported by a purchase requisition stating \$500.00 was due to the bank for "Service Fees - Electronic Banking Set Up." The requisition contains only Mr. Heath's signature. According to a District official, the bank does not charge service fees to the District. A copy of the requisition has been included in **Appendix 1**.

Check number 4126 is supported by a purchase requisition stating \$275.00 was needed as "Starting Change 2003-04 School Year." The document appears to have been signed by Mr. Heath and the Food and Nutrition Administrator. However, when we spoke with the Food and Nutrition Administrator, she confirmed the signature on the requisition was not hers. She also stated the Food and Nutrition Department does not prepare a requisition to withdraw cash from the bank for start-up cash. Instead, a representative of the Food and Nutrition Department contacts the bank directly to request a withdrawal and picks up the cash from the bank. A copy of the requisition has been included in **Appendix 2**.

- Payments to the District - We identified 51 improper checks issued to Boone Community School District or a specific school within the District. The payments total \$27,090.00 and are listed in **Exhibit D**. This amount has been included in **Exhibit A**.

All but 1 of the 51 disbursements were prepared as manual checks. Using report information available from the Create-A-Check software system, we determined each of the 50 manual checks was prepared using Mr. Heath's User ID and password.

Using bank codes printed on each of the redeemed checks, we determined each of the improper checks was redeemed for cash. By reviewing the image of the endorsement on the back of each of the improper checks, we determined 47 of the checks were endorsed with a "Boone Community School District" stamp, one of which also contained Mr. Heath's initials. Of the remaining 4, 1 check contained Mr. Heath's manual signature and 3 checks contained both a stamped endorsement and Mr. Heath's signature.

We determined 39 of the 51 disbursements were recorded in the accounting system with the same date and amount; however, the payee was different for 38 of the 39 disbursements. The remaining 12 improper checks were not recorded in the accounting system.

- Improper Payroll Payment to Mickey Heath - Mr. Heath began employment with the District during the 1997-1998 school year. Each year a "School Work Agreement" was established between Mr. Heath and the District which specified his annual and monthly salary. We reviewed each monthly salary payment to Mr. Heath and did not identify any improper payments. However, a payment in addition to his monthly salary was issued to Mr. Heath on June 30, 2005.

The payment was made from funds received by the District from the State of Iowa for the Mentoring program. The program was established as part of the Student Achievement and Teacher Quality program administered by the Department of Education (DE). The program

partners an experienced teacher as a mentor with each teacher in their first or second year of the profession. Beginning with fiscal year 2002, each District in Iowa was eligible to receive \$1,300.00 in funding for each beginning teacher. Of that amount, \$1,000.00 was to compensate the mentor teacher while \$300.00 was available to the District for expenses related to administering the program, such as the District's share of FICA and IPERS for the \$1,000.00 payment to the mentoring teacher. In accordance with guidance provided by DE, Districts are allowed to carry forward any portion of the District's share that remains unused at the end of the fiscal year. According to a DE representative we spoke with, the funds carried over are to be used for the same purpose.

According to the District's Payroll Administrator, after compensating the mentor teachers and satisfying the District's share of FICA and IPERS, any remaining funds had traditionally been used to compensate her for the extra work required to process the mentoring payments. We reviewed documentation showing the additional compensation payments to the Payroll Administrator had been authorized by Mr. Heath for fiscal years 2002 through 2004. However, it is not clear whether the Superintendent and Board were aware mentoring funds had been used for this purpose.

At the end of fiscal year 2005, Mr. Heath instructed the Payroll Administrator to split the remaining mentoring funds between them. According to the DE representative, this is not an allowable use of the funds. While the payments to the Payroll Administrator have not been included in **Exhibit A**, they do not comply with the mentoring program guidelines established by DE. **Finding C** includes a recommendation that the District should consult with DE officials to resolve this issue.

Table 1 lists the gross payments made to each employee by fiscal year from the remaining portion of the District's allocation, as well as the District's share of FICA and IPERS for fiscal years 2002 through 2005.

For the Fiscal Year Ended June 30,	Payroll Administrator		Mr. Heath		Grand Total
	Gross Payroll	District's Share of Payroll Taxes	Gross Payroll	District's Share of Payroll Taxes	
2002	\$ 232.80	31.20	-	-	264.00
2003	193.13	25.87	-	-	219.00
2004	756.61	101.39	-	-	858.00
2005	1,171.08	156.93	1,171.07*	156.92*	2,656.00
Total	\$ 2,353.62	315.39	1,171.07	156.92	3,997.00

* - Total cost equals \$1,327.99.

As illustrated by the **Table**, the remaining portion of the District's allocation increased significantly in fiscal year 2005. The District's allocation is based on the number of teachers participating in the mentoring program each year.

Because the Superintendent and Board were not aware Mr. Heath had received a portion of the remaining mentoring funds, the \$1,327.99 for the payment has been included in **Exhibit A** as an improper disbursement.

Exhibit E lists each of the improper payments by check date. As illustrated by the **Exhibit**, the checks were not sequentially numbered. We determined 2 checks with the same check number were drawn on the District's checking accounts on 123 occasions. The duplicate check numbers are identified in the **Exhibit**. When we searched the District's accounting system by check number, we discovered it included payments to various vendors for the 123

duplicate check numbers. The payments recorded in the accounting system are properly supported and appropriate for the District. The duplicate check numbers occurred because the software used by the District to prepare checks allowed the user to specify the check number and did not prohibit the duplicate check numbers.

Exhibit E also identifies 88 improper disbursements presented to the Board for its approval. However, the Board was not always presented with information that agreed with the actual checks issued. **Exhibit F** compares the improper disbursements to the information presented to the Board and recorded in the District’s accounting system. The **Exhibit** shows a number of improper disbursements have been entered into the District’s accounting system as a payment to a typical District vendor. The payments were recorded in the accounting system with the same date and for the same amount as the improper disbursement. For all but 15 of the entries, the check number recorded in the accounting system also agrees with the improper payment. None of the payments are supported by proper documentation and a check was never issued to the vendor recorded in the accounting system. These payments appear to have been entered into the accounting system to help reconcile the accounting system to the District’s bank accounts.

Of the 174 improper checks, 86 were not presented to the Board and were not recorded in the District’s accounting system. Because the software used to print checks was not linked to the District’s accounting system and no one independent of the check preparation process reviewed the checks, the improper checks were not identified in a timely manner.

Exhibit E also subtotals the improper disbursements by fiscal year. **Table 2** summarizes the improper disbursements by fund and fiscal year.

Table 2

For the Fiscal Year Ended June 30,	General Fund	Activity Fund	Nutrition Fund	Total
2002	\$ 19,812.50	775.00	-	20,587.50
2003	34,742.31	1,100.00	-	35,842.31
2004	42,093.50	-	275.00	42,368.50
2005	94,144.48	-	-	94,144.48
2006*	15,706.54	-	-	15,706.54
Total	\$ 206,499.33	1,875.00	275.00	208,649.33

* Through November 30, 2005

District Receipts - The District’s primary revenue sources are property taxes collected by the County and remitted to the District and district school aid from the State of Iowa. The District also receives revenue throughout the year from the Food and Nutrition Services and Activities Departments.

We confirmed payments made to the District by Boone County and the State of Iowa for the period July 1, 2001 to November 30, 2005. We traced all payments from the County and State to their proper deposit in the District’s checking accounts. Based on discussions held with representatives from the Food and Nutrition Services and Activities Departments, personnel within the departments are responsible for the deposit of any cash and/or checks received. Therefore, we did not perform any procedures in this area.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the Boone Community School District to perform bank reconciliation functions and process receipts, disbursements, payroll, and investments. 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 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 Boone Community School District'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 Business Manager had control over each of the following areas for the District:
- (1) Disbursements – check preparation, distribution and posting.
 - (2) Investments – investing, recording and custody.
 - (3) Financial Reporting – receipt of the bank statements, bank to book reconciliations, preparation and approval of the bank reconciliations and preparation of District financial statements.

We identified a significant number of checks improperly issued by the former Business Manager. As a result of the lack of segregation of duties, the former Business Manager was able to issue checks without proper review and approval.

Recommendation – The duties within each function listed above should be segregated among District Office personnel. In addition, procedures should be implemented to ensure the proper approval of transactions has been granted by the Superintendent and/or Board. The Board should also review financial records, reconciliations and supporting documentation for accounting records on a periodic basis.

In addition, bank statements should be delivered to and reviewed by an official not responsible for disbursing District funds. Also, if signatures are to be applied using electronic images, checks should be printed by a third party whose signature does not appear on the check.

- B. Pre-numbered Checks – Prior to February 2006, the checks used by the District were not pre-numbered by the printer. A red binder was maintained with a manual log of check numbers used. Different check sequences are used for different funds or reasons for which checks are printed. However, no one accounted for the numerical sequence of checks which would identify any duplicate check numbers. On several occasions, checks were not issued in chronological order, and there are check numbers which appear to have never been used.

Recommendation – Checks should be prenumbered or automatically numbered by the accounting system to provide additional control over the numerical sequence and proper recording of all disbursements.

- C. Mentoring Program – Each year the State of Iowa provides funds to each community school district for teachers participating in the Mentoring Program. The program is administered by the Department of Education (DE) and partners an experienced teacher as a mentor with each teacher in their first or second year

of the profession. Beginning with fiscal year 2002, each District was eligible to receive \$1,300.00 for each beginning teacher. Of that amount, \$1,000.00 was to compensate the mentor teacher while \$300.00 was available to the District for expenses related to administering the program, such as the District's share of FICA and IPERS for the \$1,000.00 payment to the mentoring teacher.

After compensating the mentor teachers and satisfying the District's share of FICA and IPERS, Mr. Heath approved the use of the remaining funds to compensate the District's Payroll Administrator for the extra work required to process the mentoring payments. For fiscal years 2002 through 2004, the gross payments made to the Payroll Administrator, as well as the District's share of FICA and IPERS, totaled \$1,341.00.

At the end of the fiscal year ended June 30, 2005, the District had \$2,656.00 of unused funds from the program. Mr. Heath instructed the District's Payroll Administrator to issue half of the remaining funds to him in the form of an extra payroll check. The remaining half was issued to the Payroll Administrator. The use of the remaining funds included the District's share of FICA and IPERS.

According to a DE representative we spoke with, the payments to the Payroll Administrator and Mr. Heath are not an appropriate use of program funds.

Recommendation – The District should consult with DE officials to determine what action is necessary to appropriately resolve this issue.

- D. Electronic Check Retention – Chapter 554D.114 of the *Code of Iowa* allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation – The District should obtain and retain an image of both the front and back of each cancelled check as required.

Boone Community School District

Special Investigation of the Boone Community School District

Summary of Findings

For the period July 1, 2001 through November 30, 2005

Description	Exhibit/ Page Number	Amount
Improper disbursements:		
Payments to Mickey Heath	Exhibit B	\$ 140,301.34
Payments to Boone Bank & Trust	Exhibit C	39,930.00
Payments to the District	Exhibit D	27,090.00
Payroll payment to Mickey Heath*	Pages 7-8	<u>1,327.99</u>
Total		<u><u>\$ 208,649.33</u></u>

* - Includes District's share of payroll costs.

Exhibit B

Special Investigation of the Boone Community School District

Improper Payments to Mickey Heath
For the period July 1, 2001 through November 30, 2005

Per Check				Disposition of Check		
Date	Number	Payee	Amount	Deposited to Mr. Heath's Personal Account	Redeemed for Cash	Unknown
10/09/01	30742	Mickey G Heath	\$ 400.00	200.00	200.00	-
10/24/01	30769	Mickey G Heath	500.00	-	500.00	-
01/17/02	32206	Mickey G. Heath	750.00	300.00	450.00	-
04/09/02	^ 33007	Mickey G. Heath	280.00	-	280.00	-
05/14/02	^ 33008	Mickey G. Heath	287.50	-	287.50	-
07/12/02	^ 34349	Mick Heath	265.00	100.00	165.00	-
08/23/02	^ 34567	Mick Heath	1,952.54	1,600.00	352.54	-
01/23/03	^ 102381	Mickey G. Heath	1,891.80	1,600.00	291.80	-
03/26/03	^ 32995	Mickey G. Heath	2,107.30	1,600.00	507.30	-
04/17/03	^ 32998	Mickey G. Heath	1,685.84	1,200.00	485.84	-
04/23/03	^ 30524	Mickey G. Heath	2,732.73	2,200.00	532.73	-
06/05/03	^ 36576	Mickey G Heath	2,102.10	1,500.00	602.10	-
10/23/03	^ 37705	Mickey G Heath	2,589.81	1,800.00	789.81	-
12/01/03	^ 37940	Mickey G. Heath	3,849.16	3,000.00	849.16	-
01/28/04	^ 38313	Mickey G Heath	3,944.34	3,200.00	744.34	-
02/26/04	^ 38526	Mickey G Heath	3,944.34	3,200.00	744.34	-
03/25/04	^ 38737	Mickey G Heath	3,944.34	-	3,944.34	-
04/23/04	^ 38917	Mickey G Heath	3,944.34	-	-	3,944.34
05/27/04	^ 39126	Mickey G Heath	3,944.34	-	3,944.34	-
06/08/04	^ 39321	Mickey G Heath	3,962.83	-	3,962.83	-
07/01/04	^ 39506	Mickey G Heath	3,998.75	3,000.00	998.75	-
07/22/04	^ 39517	Mickey G Heath	2,293.80	-	2,293.80	-
08/05/04	^ 39711	Mickey G Heath	2,981.94	-	2,981.94	-
09/01/04	^ 39822	Mickey G Heath	3,987.25	3,000.00	987.25	-
10/01/04	^ 39966	Mickey G. Heath	3,974.88	-	3,974.88	-
11/01/04	^ 40154	Mickey G Heath	3,884.50	-	3,884.50	-
11/16/04	^ 40359	Mickey G Heath	3,995.69	900.00	3,095.69	-
12/01/04	^ 40287	Mickey G Heath	3,997.89	-	3,997.89	-
12/15/04	^ 40765	Mickey G Heath	3,794.86	-	3,794.86	-
12/22/04	^ 40592	Mickey G Heath	2,692.43	-	2,692.43	-
12/30/04	^ 40618	Mickey G Heath	2,693.85	-	2,693.85	-
01/13/05	^ 40862	Mickey G Heath	3,987.56	-	3,987.56	-

Special Investigation of the Boone Community School District

Improper Payments to Mickey Heath
For the period July 1, 2001 through November 30, 2005

Per Check				Disposition of Check		
Date	Number	Payee	Amount	Deposited to Mr. Heath's Personal Account	Redeemed for Cash	Unknown
01/28/05	^ 40827	Mickey G Heath	3,987.62	-	3,987.62	-
02/16/05	^ 40989	Mickey G Heath	3,785.96	-	3,785.96	-
03/10/05	^ 41199	Mickey G Heath	3,896.97	-	3,896.97	-
04/01/05	^ 41256	Mickey G Heath	3,997.89	-	3,997.89	-
04/27/05	^ 41417	Mickey G Heath	3,987.57	-	3,987.57	-
05/02/05	^ 42502	Mickey G Heath	3,995.87	-	3,995.87	-
05/27/05	^ 41593	Mickey G Heath	3,998.96	-	3,998.96	-
06/01/05	^ 41575	Mickey G Heath	3,997.79	-	3,997.79	-
06/15/05	^ 42517	Mickey G Heath	3,986.54	-	3,986.54	-
06/22/05	^ 42526	Mickey G Heath	3,997.92	-	3,997.92	-
08/01/05	^ 42116	Mickey G Heath	3,992.53	-	3,992.53	-
09/15/05	^ 42603	Mickey G Heath	3,286.55	-	3,286.55	-
09/23/05	^ 42627	Mickey G Heath	3,589.66	-	3,589.66	-
10/20/05	^ 42790	Mickey G Heath	2,437.80	-	2,437.80	-
		Total	\$ 140,301.34	28,400.00	107,957.00	3,944.34

^ - Recorded in the activity log of manual checks.

Boone Community School District

Special Investigation of the Boone Community School District

Improper Payments to Boone Bank & Trust Co.
 For the period July 1, 2001 through November 30, 2005

Per Check			
Date	Number	Payee	Amount
09/28/01	30480	Boone Bank & Trust Co	\$ 200.00
11/08/01	31020	Boone Bank & Trust Co.	500.00
11/12/01	31021	Boone Bank & Trust Co.	200.00
11/13/01	31022	Boone Bank & Trust Co.	500.00
11/21/01	31586	Boone Bank & Trust Co	300.00
11/28/01	31626	Boone Bank & Trust Co	300.00
11/29/01	31627	Boone Bank & Trust Co	200.00
12/07/01	31633	Boone Bank & Trust Co	500.00
12/12/01	31793	Boone Bank & Trust Co	400.00
12/14/01	31906	Boone Bank & Trust Co	400.00
12/19/01	31922	Boone Bank & Trust Co.	500.00
12/21/01	32186	Boone Bank & Trust Co.	400.00
01/04/02	32211	Boone Bank & Trust Co	400.00
01/07/02	32210	Boone Bank & Trust Co	500.00
01/11/02	32208	Boone Bank & Trust Co	400.00
01/11/02	32209	Boone Bank & Trust Co.	500.00
01/15/02	32207	Boone Bank & Trust Co	400.00
01/23/02	32205	Boone Bank & Trust Co.	400.00
01/30/02	32191	Boone Bank & Trust Co	400.00
02/01/02	32192	Boone Bank & Trust Co	600.00
02/06/02	32204	Boone Bank & Trust Co	500.00
02/11/02	32203	Boone Bank & Trust Co	400.00
02/14/02	32202	Boone Bank & Trust Co	300.00
02/21/02	32194	Boone Bank & Trust Co	600.00
02/28/02	32201	Boone Bank & Trust Co	400.00
03/08/02	^ 4617	Boone Bank & Trust Co	400.00
03/13/02	^ 33531	Boone Bank & Trust Co	500.00
03/15/02	^ 4667	Boone Bank & Trust Co	375.00

Exhibit C

Special Investigation of the Boone Community School District

Improper Payments to Boone Bank & Trust Co.
For the period July 1, 2001 through November 30, 2005

Per Check			
Date	Number	Payee	Amount
03/21/02	32199	Boone Bank & Trust Co	460.00
05/02/02	^ 33000	Boone Bank & Trust Co	300.00
05/08/02	^ 33001	Boone Bank & Trust Co	500.00
05/09/02	^ 33002	Boone Bank & Trust Co	300.00
07/23/02	^ 4937	Boone Bank & Trust Co	500.00
08/02/02	^ 34360	Boone Bank & Trust Co	350.00
08/05/02	^ 34357	Boone Bank & Trust Co	500.00
08/20/03	4126	Boone Bank & Trust, Co.	275.00
10/29/03	^ 37710	Boone Bank & Trust Co	1,000.00
11/12/03	^ 37717	Boone Bank & Trust Co	885.00
11/24/03	^ 37922	Boone Bank & Trust Co	525.00
12/31/03	^ 38153	Boone Bank & Trust Co	1,000.00
01/21/04	^ 38315	Boone Bank & Trust Co	600.00
02/02/04	^ 38317	Boone Bank & Trust Co	585.00
02/11/04	^ 38855	Boone Bank & Trust Co	700.00
03/04/04	^ 38526	Boone Bank & Trust Co	500.00
03/11/04	^ 38675	Boone Bank & Trust Co	885.00
03/24/04	^ 38726	Boone Bank & Trust Co	500.00
04/07/04	^ 38761	Boone Bank & Trust Co	400.00
04/15/04	^ 38901	Boone Bank & Trust Co	800.00
04/23/04	^ 38906	Boone Bank & Trust Co	400.00
05/10/04	^ 38813	Boone Bank & Trust Co	500.00
05/27/04	^ 39107	Boone Bank & Trust Co	700.00
06/09/04	^ 39157	Boone Bank & Trust Co	725.00
06/17/04	^ 39202	Boone Bank & Trust Co	830.00
06/19/04	^ 39207	Boone Bank & Trust Co	435.00
08/05/04	^ 39502	Boone Bank & Trust Co	500.00

Special Investigation of the Boone Community School District

Improper Payments to Boone Bank & Trust Co.
 For the period July 1, 2001 through November 30, 2005

Per Check				
Date	Number	Payee	Amount	
08/26/04	^ 39621	Boone Bank & Trust Co	600.00	
10/01/04	^ 39965	Boone Bank & Trust Co.	600.00	
10/21/04	^ 40118	Boone Bank & Trust Co	600.00	
11/16/04	^ 40345	Boone Bank & Trust Co	600.00	
12/01/04	^ 40501	Boone Bank & Trust Co	600.00	
12/09/04	^ 40155	Boone Bank & Trust Co	600.00	
12/23/04	^ 40652	Boone Bank & Trust Co	600.00	
12/29/04	^ 40752	Boone Bank & Trust Co	600.00	
01/13/05	^ 40853	Boone Bank & Trust Co	600.00	
01/28/05	^ 40832	Boone Bank & Trust Co	600.00	
02/16/05	^ 40977	Boone Bank & Trust Co	600.00	
03/10/05	^ 41187	Boone Bank & Trust Co	600.00	
03/30/05	^ 41231	Boone Bank & Trust Co	600.00	
04/07/05	^ 41287	Boone Bank & Trust Co	800.00	
04/26/05	^ 41417	Boone Bank & Trust Co	600.00	
05/25/05	^ 41587	Boone Bank & Trust Co	600.00	
06/23/05	^ 41820	Boone Bank & Trust Co	600.00	
08/05/05	^ 42128	Boone Bank & Trust Co	600.00	
08/25/05	^ 42218	Boone Bank & Trust Co	600.00	
09/20/05	^ 42378	Boone Bank & Trust Co	600.00	
10/19/05	^ 42788	Boone Bank & Trust Co	600.00	
Total			<u><u>\$39,930.00</u></u>	

^ - Recorded in the activity log of manual checks.

Exhibit D

Special Investigation of the Boone Community School District

Improper Payments to the District
For the period July 1, 2001 through November 30, 2005

Per Check			
Date	Number	Payee	Amount
02/28/02	32200	Boone Community Schools	\$ 235.00
05/15/02	^ 33003	Boone High School	500.00
05/15/02	^ 33004	Boone High School	400.00
05/17/02	^ 33005	Boone High School	300.00
05/22/02	^ 33006	Boone High School	300.00
06/07/02	^ 32999	Boone High School	600.00
06/12/02	^ 34147	Boone High School	400.00
06/13/02	^ 32990	Boone High School	500.00
06/19/02	^ 34148	Boone High School	800.00
06/21/02	^ 34149	Boone Community School District	400.00
06/26/02	^ 34150	Boone High School	500.00
06/27/02	^ 34151	Boone High School	400.00
08/22/02	^ 34536	Boone Middle School	500.00
09/12/02	^ 34540	Boone High School	425.00
09/18/02	^ 34542	Boone High School	600.00
09/26/02	^ 35456	Boone High School	500.00
10/18/02	^ 5150	Boone High School	600.00
10/22/02	^ 35027	Boone High School	500.00
10/25/02	^ 35031	Boone Community School	437.50
10/28/02	^ 35032	Boone Community School District	500.00
11/07/02	^ 35060	Boone Community School District	748.00
11/12/02	^ 30501	Boone High School	550.00
11/20/02	^ 30502	Boone High School	560.00
12/12/02	^ 30503	Boone Community School District	500.00
12/13/02	^ 30504	Boone Community School District	350.00
12/20/02	^ 30505	Boone Community School District	575.00
01/02/03	^ 30506	Boone Community School District	500.00

Special Investigation of the Boone Community School District
 Improper Payments to the District
 For the period July 1, 2001 through November 30, 2005

Per Check			
Date	Number	Payee	Amount
01/09/03	^ 30507	Boone Community School District	567.00
01/17/03	^ 30508	Boone Community School District	565.00
01/21/03	^ 30509	Boone Community School District	475.00
01/30/03	^ 30510	Boone Community School District	570.00
01/31/03	^ 30511	Boone Community School District	180.00
02/12/03	^ 30512	Boone Community School District	540.00
02/20/03	^ 30513	Boone Community School District	580.00
02/21/03	^ 30514	Boone Community School District	360.00
02/26/03	^ 30515	Boone Community School District	560.00
03/12/03	^ 30517	Boone Community School District	575.00
03/13/03	^ 30518	Boone Community School District	625.00
03/18/03	^ 30519	Boone Community School District	480.00
03/28/03	^ 32996	Boone Community School District	525.00
04/01/03	^ 30520	Boone Community School District	800.00
04/10/03	^ 30521	Boone Community School District	680.00
04/17/03	^ 30522	Boone Community School District	635.00
04/21/03	^ 30523	Boone Community School District	500.00
04/23/03	^ 30525	Boone Community School District	735.00
04/25/03	^ 30526	Boone Community School District	525.00
04/30/03	^ 30528	Boone Community School District	540.00
05/14/03	^ 30555	Boone Community School District	537.50
05/22/03	^ 30529	Boone Community School District	525.00
06/11/03	^ 36577	Boone Community School District	630.00
06/23/03	^ 36578	Boone Community School District	1,200.00
Total			<u><u>\$ 27,090.00</u></u>

^ - Recorded in the activity log of manual checks.

Exhibit E

Special Investigation of the Boone Community School District

Chronological Listing of Improper Disbursements
For the period July 1, 2001 through November 30, 2005

Date	Number*	Per Check		Amount	Subtotal by Fiscal Year
		Payee			
09/28/01	30480	Boone Bank & Trust Co		\$ 200.00	**
10/10/01	30742	Mickey G Heath		400.00	**
10/24/01	30769	Mickey G Heath		500.00	**
11/08/01	31020	Boone Bank & Trust Co.		500.00	**
11/12/01	31021	Boone Bank & Trust Co.		200.00	**
11/13/01	31022	Boone Bank & Trust Co.		500.00	**
11/21/01	31586	Boone Bank & Trust Co		300.00	**
11/28/01	31626	Boone Bank & Trust Co		300.00	**
11/29/01	31627	Boone Bank & Trust Co		200.00	**
12/07/01	31633	Boone Bank & Trust Co		500.00	**
12/12/01	31793	Boone Bank & Trust Co		400.00	**
12/14/01	31906	Boone Bank & Trust Co		400.00	**
12/19/01	31922	Boone Bank & Trust Co.		500.00	**
12/21/01	32186	Boone Bank & Trust Co.		400.00	**
01/04/02	32211	Boone Bank & Trust Co		400.00	**
01/07/02	32210	Boone Bank & Trust Co		500.00	**
01/11/02	32208	Boone Bank & Trust Co		400.00	**
01/11/02	32209	Boone Bank & Trust Co.		500.00	**
01/15/02	32207	Boone Bank & Trust Co		400.00	**
01/17/02	32206	Mickey G. Heath		750.00	**
01/23/02	32205	Boone Bank & Trust Co.		400.00	**
01/30/02	32191	Boone Bank & Trust Co		400.00	**
02/01/02	32192	Boone Bank & Trust Co		600.00	**
02/06/02	32204	Boone Bank & Trust Co		500.00	**
02/11/02	32203	Boone Bank & Trust Co		400.00	**
02/14/02	32202	Boone Bank & Trust Co		300.00	**
02/21/02	32194	Boone Bank & Trust Co		600.00	**
02/28/02	32200	Boone Community Schools		235.00	**
02/28/02	32201	Boone Bank & Trust Co		400.00	**
03/08/02	4617	Boone Bank & Trust Co		400.00	**
03/13/02	33531	Boone Bank & Trust Co		500.00	**
03/15/02	4667	Boone Bank & Trust Co		375.00	**

Special Investigation of the Boone Community School District

Chronological Listing of Improper Disbursements
For the period July 1, 2001 through November 30, 2005

Per Check				Subtotal by Fiscal Year
Date	Number*	Payee	Amount	
03/21/02	32199	Boone Bank & Trust Co	460.00	**
04/09/02	33007	# Mickey G. Heath	280.00	
05/02/02	33000	Boone Bank & Trust Co	300.00	**
05/08/02	33001	# Boone Bank & Trust Co	500.00	
05/09/02	33002	# Boone Bank & Trust Co	300.00	
05/14/02	33008	# Mickey G. Heath	287.50	
05/15/02	33003	# Boone High School	500.00	
05/15/02	33004	# Boone High School	400.00	
05/17/02	33005	# Boone High School	300.00	
05/22/02	33006	# Boone High School	300.00	
06/07/02	32999	Boone High School	600.00	**
06/12/02	34147	# Boone High School	400.00	
06/13/02	32990	Boone High School	500.00	**
06/19/02	34148	# Boone High School	800.00	
06/21/02	34149	# Boone Community School District	400.00	
06/26/02	34150	# Boone High School	500.00	
06/27/02	34151	# Boone High School	400.00	
Subtotal for fiscal year 2002				\$ 20,587.50
07/12/02	34349	Mick Heath	265.00	**
07/23/02	4937	Boone Bank & Trust Co	500.00	**
08/02/02	34360	# Boone Bank & Trust Co	350.00	**
08/05/02	34357	# Boone Bank & Trust Co	500.00	**
08/22/02	34536	# Boone Middle School	500.00	**
08/23/02	34567	# Mick Heath	1,952.54	**
09/12/02	34540	# Boone High School	425.00	**
09/18/02	34542	# Boone High School	600.00	**
09/26/02	35456	# Boone High School	500.00	
10/18/02	5150	Boone High School	600.00	**
10/22/02	35027	# Boone High School	500.00	**
10/25/02	35031	Boone Community School	437.50	**
10/28/02	35032	# Boone Community School District	500.00	**
11/07/02	35060	# Boone Community School District	748.00	**

Exhibit E

Special Investigation of the Boone Community School District

Chronological Listing of Improper Disbursements
For the period July 1, 2001 through November 30, 2005

Per Check				Subtotal by
Date	Number*	Payee	Amount	Fiscal Year
11/12/02	30501 #	Boone High School	550.00	**
11/20/02	30502 #	Boone High School	560.00	**
12/12/02	30503 #	Boone Community School District	500.00	**
12/13/02	30504 #	Boone Community School District	350.00	**
12/20/02	30505 #	Boone Community School District	575.00	**
01/02/03	30506	Boone Community School District	500.00	**
01/09/03	30507	Boone Community School District	567.00	**
01/17/03	30508 #	Boone Community School District	565.00	**
01/21/03	30509 #	Boone Community School District	475.00	**
01/23/03	102381 #	Mickey G. Heath	1,891.80	**
01/30/03	30510 #	Boone Community School District	570.00	**
01/31/03	30511 #	Boone Community School District	180.00	**
02/12/03	30512 #	Boone Community School District	540.00	**
02/20/03	30513 #	Boone Community School District	580.00	**
02/21/03	30514 #	Boone Community School District	360.00	**
02/26/03	30515 #	Boone Community School District	560.00	**
03/12/03	30517 #	Boone Community School District	575.00	**
03/13/03	30518 #	Boone Community School District	625.00	**
03/18/03	30519 #	Boone Community School District	480.00	**
03/26/03	32995	Mickey G. Heath	2,107.30	**
03/28/03	32996	Boone Community School District	525.00	**
04/01/03	30520 #	Boone Community School District	800.00	**
04/10/03	30521 #	Boone Community School District	680.00	**
04/17/03	30522 #	Boone Community School District	635.00	**
04/17/03	32998	Mickey G. Heath	1,685.84	**
04/21/03	30523 #	Boone Community School District	500.00	**
04/23/03	30524 #	Mickey G. Heath	2,732.73	**
04/23/03	30525 #	Boone Community School District	735.00	**
04/25/03	30526 #	Boone Community School District	525.00	**
04/30/03	30528 #	Boone Community School District	540.00	**
05/14/03	30555 #	Boone Community School District	537.50	**
05/22/03	30529 #	Boone Community School District	525.00	**

Special Investigation of the Boone Community School District

Chronological Listing of Improper Disbursements
For the period July 1, 2001 through November 30, 2005

Per Check				Subtotal by
Date	Number*	Payee	Amount	Fiscal Year
06/05/03	36576 #	Mickey G Heath	2,102.10	
06/11/03	36577 #	Boone Community School District	630.00	
06/23/03	36578 #	Boone Community School Districy	1,200.00	
Subtotal for fiscal year 2003				35,842.31
08/20/03	4126	Boone Bank & Trust, Co.	275.00	
10/23/03	37705 #	Mickey G Heath	2,589.81	
10/29/03	37710	Boone Bank & Trust Co	1,000.00	**
11/12/03	37717	Boone Bank & Trust Co	885.00	
11/24/03	37922	Boone Bank & Trust Co	525.00	
12/01/03	37940	Mickey G. Heath	3,849.16	
12/31/03	38153 #	Boone Bank & Trust Co	1,000.00	
01/21/04	38315 #	Boone Bank & Trust Co	600.00	
01/28/04	38313 #	Mickey G Heath	3,944.34	
02/02/04	38317 #	Boone Bank & Trust Co	585.00	
02/11/04	38855 #	Boone Bank & Trust Co	700.00	
02/26/04	38526 ##	Mickey G Heath	3,944.34	
03/04/04	38526 ##	Boone Bank & Trust Co	500.00	
03/11/04	38675 #	Boone Bank & Trust Co	885.00	
03/24/04	38726 #	Boone Bank & Trust Co	500.00	
03/25/04	38737 #	Mickey G Heath	3,944.34	
04/07/04	38761 #	Boone Bank & Trust Co	400.00	
04/15/04	38901 #	Boone Bank & Trust Co	800.00	
04/23/04	38906 #	Boone Bank & Trust Co	400.00	
04/23/04	38917 #	Mickey G Heath	3,944.34	
05/10/04	38813 #	Boone Bank & Trust Co	500.00	
05/27/04	39107 #	Boone Bank & Trust Co	700.00	
05/27/04	39126 #	Mickey G Heath	3,944.34	
06/08/04	39321 #	Mickey G Heath	3,962.83	
06/09/04	39157 #	Boone Bank & Trust Co	725.00	
06/17/04	39202 #	Boone Bank & Trust Co	830.00	
06/19/04	39207 #	Boone Bank & Trust Co	435.00	
Subtotal for fiscal year 2004				42,368.50

Special Investigation of the Boone Community School District

Chronological Listing of Improper Disbursements
For the period July 1, 2001 through November 30, 2005

Per Check				Subtotal by
Date	Number*	Payee	Amount	Fiscal Year
07/01/04	39506 #	Mickey G Heath	3,998.75	**
07/22/04	39517 #	Mickey G Heath	2,293.80	**
08/05/04	39502 #	Boone Bank & Trust, Co.	500.00	**
08/05/04	39711 #	Mickey G Heath	2,981.94	**
08/26/04	39621 #	Mickey G Heath	600.00	**
09/01/04	39822 #	Mickey G Heath	3,987.25	
10/01/04	39965 #	Boone Bank & Trust Co	600.00	
10/01/04	39966 #	Mickey G Heath	3,974.88	
10/21/04	40118 #	Boone Bank & Trust Co	600.00	
11/01/04	40154 #	Mickey G. Heath	3,884.50	
11/16/04	40345 #	Boone Bank & Trust Co	600.00	
11/16/04	40359 #	Mickey G Heath	3,995.69	
12/01/04	40287 #	Mickey G Heath	3,997.89	
12/01/04	40501 #	Boone Bank & Trust Co	600.00	
12/09/04	40155 #	Boone Bank & Trust Co	600.00	
12/15/04	40765 #	Mickey G Heath	3,794.86	
12/22/04	40592 #	Mickey G Heath	2,692.43	
12/23/04	40652 #	Boone Bank & Trust Co	600.00	
12/29/04	40752 #	Boone Bank & Trust Co	600.00	
12/30/04	40618 #	Mickey G Heath	2,693.85	
01/13/05	40853 #	Boone Bank & Trust Co	600.00	
01/13/05	40862 #	Mickey G Heath	3,987.56	
01/28/05	40827 #	Mickey G Heath	3,987.62	
01/28/05	40832 #	Boone Bank & Trust Co	600.00	
02/16/05	40977 #	Boone Bank & Trust Co	600.00	
02/16/05	40989 #	Mickey G Heath	3,785.96	
03/10/05	41187 #	Boone Bank & Trust Co	600.00	
03/10/05	41199 #	Mickey G Heath	3,896.97	
03/30/05	41231 #	Boone Bank & Trust Co	600.00	
04/01/05	41256 #	Mickey G Heath	3,997.89	
04/07/05	41287 #	Boone Bank & Trust Co	800.00	
04/26/05	41417 ##	Boone Bank & Trust Co	600.00	

Exhibit E

Special Investigation of the Boone Community School District

Chronological Listing of Improper Disbursements
For the period July 1, 2001 through November 30, 2005

Date	Number*	Per Check		Amount	Subtotal by Fiscal Year
			Payee		
04/27/05	41417	##	Mickey G Heath	3,987.57	
05/02/05	42502	#	Mickey G Heath	3,995.87	
05/25/05	41587	#	Boone Bank & Trust Co	600.00	
05/27/05	41593	#	Mickey G Heath	3,998.96	
06/01/05	41575	#	Mickey G Heath	3,997.79	
06/15/05	42517	#	Mickey G Heath	3,986.54	
06/22/05	42526	#	Mickey G Heath	3,997.92	
06/23/05	41820	#	Boone Bank & Trust Co	600.00	
06/30/05	^		Mickey G Heath	1,327.99	^^, **
Subtotal for fiscal year 2005					94,144.48
08/01/05	42116	#	Mickey G Heath	3,992.53	
08/05/05	42128	#	Boone Bank & Trust Co	600.00	
08/25/05	42218	#	Boone Bank & Trust Co	600.00	
09/15/05	42603	#	Mickey G Heath	3,286.55	
09/20/05	42378	#	Boone Bank & Trust Co	600.00	
09/23/05	42627	#	Mickey G Heath	3,589.66	
10/19/05	42788	#	Boone Bank & Trust Co	600.00	
10/20/05	42790	#	Mickey G Heath	2,437.80	
Subtotal for fiscal year 2006					15,706.54
Total					<u>\$ 208,649.33</u>

* - Different check sequences are used for different funds or reasons for the checks (such as payroll.)

- The District's accounting system shows a payment was made to a vendor with this check number. We confirmed two checks with the same check number cleared the District's checking account. The payment recorded in the accounting system for this check number is properly supported and an appropriate disbursement for the District.

- A check with this number cleared the District's checking account three times. Two of the checks were improper. The third check was recorded in the District's accounting system and is properly supported.

** - The District's accounting system includes a payment for this amount recorded on the same date. The payments were presented to the Board for its approval. **Exhibit F** lists these disbursements along with the corresponding entry in the accounting system and the information presented to the Board.

^^ - Amount includes the District's share of payroll costs.

^ - Payment was directly deposited to Mr. Heath's account. As a result, there is not a check number.

Exhibit F

Special Investigation of the Boone Community School District

Incorrect Payees in the Accounting System
For the period July 1, 2001 through November 30, 2005

Per Check				Per Accounting System**	
Date	Check Number	Payee	Amount	Check Number	Payee
09/28/01	30480	Boone Bank & Trust Co	\$ 200.00	30480	Boone Bank & Trust
10/10/01	30742	Mickey G Heath	400.00	30742	Boone Bank & Trust
10/24/01	30769	Mickey G Heath	500.00	30769	Grace Community Church
11/08/01	31020	Boone Bank & Trust Co.	500.00	31020	Pritchard Bros
11/12/01	31021	Boone Bank & Trust Co.	200.00	31021	Postmaster
11/13/01	31022	Boone Bank & Trust Co.	500.00	31022	Pritchard Bros
11/21/01	31586	Boone Bank & Trust Co	300.00	31586	Decker Sporting Goods
11/28/01	31626	Boone Bank & Trust Co	300.00	31626	Iowa Assn School Boards
11/29/01	31627	Boone Bank & Trust Co	200.00	31627	Hy-Vee Food Store
12/07/01	31633	Boone Bank & Trust Co	500.00	31633	Decker Equipment
12/12/01	31793	Boone Bank & Trust Co	400.00	31793	Orscheln Farm & Home
12/14/01	31906	Boone Bank & Trust Co	400.00	31906	Pool Tech
12/19/01	31922	Boone Bank & Trust Co.	500.00	31922	Wal-Mart #1389
12/21/01	32186	Boone Bank & Trust Co.	400.00	32186	Capital Sanitary Supply
01/04/02	32211	Boone Bank & Trust Co	400.00	32211	D & H Distributing
01/07/02	32210	Boone Bank & Trust Co	500.00	32210	Thomas Bus Sales of Iowa
01/11/02	32209	Boone Bank & Trust Co.	500.00	32209	Capital City Boiler
01/11/02	32208	Boone Bank & Trust Co	400.00	32208	Mac Tools Distributor
01/15/02	32207	Boone Bank & Trust Co	400.00	32207	Orscheln Farm & Home
01/17/02	32206	Mickey G. Heath	750.00	32206	Pritchard Bros
01/23/02	32205	Boone Bank & Trust Co.	400.00	32205	CR Janitorial Supply
01/30/02	32191	Boone Bank & Trust Co	400.00	32191	Pool Tech
02/01/02	32192	Boone Bank & Trust Co	600.00	32192	American Guidance Services
02/06/02	32204	Boone Bank & Trust Co	500.00	32204	Armstrong Medical
02/11/02	32203	Boone Bank & Trust Co	400.00	32203	Capital City Boiler
02/14/02	32202	Boone Bank & Trust Co	300.00	32202	Heartland Car Care
02/21/02	32194	Boone Bank & Trust Co	600.00	32194	Duncan Heating & Plumbing
02/28/02	32200	Boone Community Schools	235.00	32200	Nexel Industries
02/28/02	32201	Boone Bank & Trust Co	400.00	32201	South-Western Publishing
03/08/02	4617	Boone Bank & Trust Co	400.00	4617	Hy-Vee Food Store
03/13/02	33531	Boone Bank & Trust Co	500.00	33531	Boone Bank & Trust
03/15/02	4667	Boone Bank & Trust Co	375.00	4667	SCIBA Honor Band

Special Investigation of the Boone Community School District

Incorrect Payees in the Accounting System
For the period July 1, 2001 through November 30, 2005

Per Check				Per Accounting System**	
Date	Check Number	Payee	Amount	Check Number	Payee
03/21/02	32199	Boone Bank & Trust Co	460.00	32199	Pritchard Bros
05/02/02	33000	Boone Bank & Trust Co	300.00	33000	Pritchard Bros
06/07/02	32999	Boone High School	600.00	32999	Thomas Bus Sales of Iowa
06/13/02	32990	Boone High School	500.00	32990	Burgar, David
07/12/02	34349	Mick Heath	265.00	34349	Mickey Heath
07/23/02	4937	Boone Bank & Trust Co	500.00	4937	Boone Bank & Trust
08/02/02	34360	Boone Bank & Trust Co	350.00	^ 334360	Area Education Agency 11
08/05/02	34357	Boone Bank & Trust Co	500.00	^ 334357	Pritchard Bros
08/22/02	34536	Boone Middle School	500.00	^ 334536	Budgetext
08/23/02	34567	Mick Heath	1,952.54	^ 334567	Thanh Le Repair
09/12/02	34540	Boone High School	425.00	^ 334540	Capital Sanitary Supply
09/18/02	34542	Boone High School	600.00	^ 334542	O'Reilly Auto Parts
10/18/02	5150	Boone High School	600.00	5150	Boone Bank & Trust
10/22/02	35027	Boone High School	500.00	^ 335027	Boone High School
10/25/02	35031	Boone Community School	437.50	35031	Boone Co Community Serv
10/28/02	35032	Boone Community School District	500.00	^ 350322	Boone County Hospital
11/07/02	35060	Boone Community School District	748.00	^ 30500	Pool Tech
11/12/02	30501	Boone High School	550.00	30501	Pritchard Bros
11/20/02	30502	Boone High School	560.00	30502	Capital Sanitary Supply
12/12/02	30503	Boone Community School District	500.00	30503	Capital Sanitary Supply
12/13/02	30504	Boone Community School District	350.00	30504	Thomas Bus Sales of Iowa
12/20/02	30505	Boone Community School District	575.00	30505	Pritchard Bros
01/02/03	30506	Boone Community School District	500.00	30506	Pritchard Bros
01/09/03	30507	Boone Community School District	567.00	30507	Capital Sanitary Supply
01/17/03	30508	Boone Community School District	565.00	30508	Electrical Engineering
01/21/03	30509	Boone Community School District	475.00	30509	Capital City Boiler
01/23/03	102381	Mickey G. Heath	1,891.80	^ 12381	Capital Sanitary Supply
01/30/03	30510	Boone Community School District	570.00	30510	Thomas Bus Sales of Iowa
01/31/03	30511	Boone Community School District	180.00	30511	Ziegler Inc
02/12/03	30512	Boone Community School District	540.00	30512	Capital Sanitary Supply
02/20/03	30513	Boone Community School District	580.00	30513	Thomas Bus Sales of Iowa
02/21/03	30514	Boone Community School District	360.00	30514	Electrical Engineering

Exhibit F

Special Investigation of the Boone Community School District

Incorrect Payees in the Accounting System
For the period July 1, 2001 through November 30, 2005

Per Check				Per Accounting System**	
Date	Check Number	Payee	Amount	Check Number	Payee
02/26/03	30515	Boone Community School District	560.00	30515	Ziegler Inc
03/12/03	30517	Boone Community School District	575.00	30517	Pritchard Bros
03/13/03	30518	Boone Community School District	625.00	30518	Ziegler Inc
03/18/03	30519	Boone Community School District	480.00	30519	Electrical Engineering
03/26/03	32995	Mickey G. Heath	2,107.30	32995	Follett Educational Services
03/28/03	32996	Boone Community School District	525.00	32996	Carson Delloso Publishing
04/01/03	30520	Boone Community School District	800.00	30520	Pool Tech
04/10/03	30521	Boone Community School District	680.00	30521	Pritchard Bros
04/17/03	30522	Boone Community School District	635.00	30522	Capital Sanitary Supply
04/17/03	32998	Mickey G. Heath	1,685.84	32998	Pool Tech
04/21/03	30523	Boone Community School District	500.00	30523	Caffrey Cigar Co Inc
04/23/03	30524	Mickey G. Heath	2,732.73	30524	Follett Educational Services
04/23/03	30525	Boone Community School District	735.00	30525	Ziegler Inc
04/25/03	30526	Boone Community School District	525.00	30526	R & W Tire & Turf
04/30/03	30528	Boone Community School District	540.00	30528	Thomas Bus Sales of Iowa
05/14/03	30555	Boone Community School District	537.50	30555	Follett Educational Services
05/22/03	30529	Boone Community School District	525.00	30529	McGraw-Hill
10/29/03	37710	Boone Bank & Trust Co	1,000.00	37710	Reserve Account
07/01/04	39506	Mickey G Heath	3,998.75	^ 32214	Thomas Bus Sales of Iowa
07/22/04	39517	Mickey G Heath	2,293.80	^ 32215	American Radiator, Inc.
08/05/04	39502	Boone Bank & Trust Co	500.00	^ 32216	Barnes & Noble Inc.
08/05/04	39711	Mickey G Heath	2,981.94	^ 32217	Combustion Control Co
08/26/04	39621	Boone Bank & Trust Co	600.00	^ 32218	Lakeshore Learning Mate
06/30/05	^^	Mickey G Heath	1,327.99	^^	Mickey G Heath
		Total	<u>\$ 59,332.69</u>		

^ - The check recorded in the accounting system is for the same amount and has the same date, but a different check number was recorded.

** - For each payee shown, the accounting system contains a payment for the same amount on the same date as the improper check issued. The disbursement is recorded in the accounting system with the same check number except for the 15 checks identified. However, the disbursement is not supported by appropriate documentation and a check was never issued to the payee.

^^ - Payment was directly deposited to Mr. Heath's account. As a result, there is not a check number.

* - Amount includes the District's share of payroll costs.

Special Investigation of the
Boone Community School District

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Jennifer Campbell, CPA, Senior Auditor
Jeffrey L. Lenhart, Staff Auditor
Nickolas J. Schaul, Assistant Auditor



Tamera S. Kusian, CPA
Deputy Auditor of State

Special Investigation of the
Boone Community School District

Improper Purchase Requisition

PURCHASE REQUISITION
BOONE COMMUNITY SCHOOL DISTRICT
500 SEVENTH STREET
BOONE, IA 50036
515-433-0750 FAX 515-433-0753

Boone Bank & Trust Co.

CHECK TO BE PLACED BY BUSINESS OFFICE
ORDER
 YES NO

FAX: Complete & attach order form to this Purchase Requisition

Boldface items must be completed in order to process.

Date	Attendance Center	Account Name	Account Number
<i>3/12/02</i>	<i>Central Office</i>	<i>Dues & Fees</i>	<i>10-0061-2500-100-1000-810</i>
Quantity	Catalog #	Description	Price
		<i>Service Fees - Electronic Banking Set Up.</i>	<i>\$500.00</i>
TOTAL			<i>\$500.00</i>

Principal *Mick Yeath* Date *3/12/02* Requisitioner *Mick Yeath*
 Tax Exempt #1-08-004426 Dept. Chair _____ Date *3/12/02*
 Federal TIN #42-6000882

White: Vendor Copy / Yellow: Business Office Copy / Goldenrod: File Copy

Special Investigation of the
Boone Community School District

Forged Purchase Requisition

PURCHASE REQUISITION
BOONE COMMUNITY SCHOOL DISTRICT
500 SEVENTH STREET
BOONE, IA 50036
515-433-0750 FAX 515-433-0753

TO: Boone Bank & Trust Co.

CHECK TO BE PLACED BY BUSINESS OFFICE
 ORDER

FAX: **Boldface items must be completed in order to process.**

YES NO
Complete & attach order form to this Purchase Requisition

Date	Attendance Center	Account Name	Account Number	
8/20/03	Central Office	Cash	51-101-001-1000	
Quantity	Catalog #	Description	Price	Total
		Starting Charge 2003-04 School Year	\$275. ⁰⁰	
				TOTAL \$275. ⁰⁰

Principal Mick Yeath Date 8/20/03 Requisitioner Cindy Anderson
Tax Exempt #1-08-004426 Dept. Chair _____ Date _____
Federal TIN #42-600882

White: Vendor Copy / Yellow: Business Office Copy / Goldenrod: File Copy