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Rob Sand
Auditor of State

NEWS RELEASE

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FOR RELEASE

January 25, 2024

Auditor of State Rob Sand today released a reaudit report on the Hampton-Dumont Community School District (District) for the period June 1, 2017 through June 30, 2023. The reaudit was performed at the request of petitioners pursuant to Section 11.6(4)(a)(3) of the *Code of Iowa*. The petition submitted to the Office of Auditor of State requested a reaudit of the year ended June 30, 2022. However, based on the nature of the concerns presented, the reaudit also covered items applicable to fiscal years 2018 through 2023.

The reaudit was requested as a result of concerns regarding Future Farmers of America Activity (FFA) Funds and revenue rights from land usage of "Hampton Plot" land utilized by the Future Farmers of America.

Sand reported the reaudit did not identify any improper disbursements related to the FFA student Activity Funds. In addition, Sand reported it was not possible to determine if additional funds were improperly disbursed or if any collections were not properly deposited during the period reviewed because adequate records were not available. Also, Sand reported the "Hampton Plot" was purchased by the Hampton-Dumont Community School District; therefore, all revenues generated from the use of the land belong to and should be deposited with the Hampton-Dumont Community School District.

Sand recommended District officials review Board and District policies to ensure they comply with guidance issued by the Department of Education regarding the use of Student Activity Funds and are properly reflected in the District's policies and procedures. Sand also recommended District officials ensure all fundraising events are properly approved and sufficient supporting documentation is maintained for all fundraising activities and disbursements.

A copy of the reaudit report is available for review on the Auditor of State's website at [Audit Reports – Auditor of State](#)

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HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT
AUDITOR OF STATE'S REPORT ON REAUDIT
OF THE FUTURE FARMERS OF AMERICA ACTIVITY FUND
FOR THE PERIOD
JUNE 1, 2017 THROUGH JUNE 30, 2023

Table of Contents

	<u>Page</u>
Officials	3
Auditor of State's Report on Reaudit	4-5
Background Information	7
Concerns and Auditor's Responses	7-10
Staff	11

Hampton-Dumont Community School District

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Officials – Fiscal Year 2023</u>		
Board of Education		
Erran Miller	President	2027
Mark Morrison	Vice President	2027
Brent Hansen	Director	2025
Stephanie Powers	Director	2025
Steve Severs	Director	2027
Matt Showalter	Director	2027
Elisa Van Wert	Director	2025
(After November 2023 Election)		
Erran Miller	Director	2023
Mark Morrison	Director	2023
Steve Severs	Director	2023
Matt Showalter	Director	2023
School Officials		
Aaron Becker	Superintendent	2023
Amanda Heiden	Board Secretary	2023
Lisa Lewis	Board Treasurer	2023



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Rob Sand
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Auditor of State's Report on Reaudit

To the Board of Education of
the Hampton-Dumont School District:

We received a request to perform a reaudit of the Hampton-Dumont Community School District (District) in accordance with Section 11.6(4)(a)(3) of the *Code of Iowa*. As a result of concerns regarding certain financial transactions and fundraising activities of the Hampton-Dumont Future Farmers of America (FFA) program for the period June 1, 2017 through June 30, 2023. The District's management is responsible for the financial transactions of the District's FFA program. Based on discussions with District officials and personnel and a review of relevant information, we performed the following procedures.

1. Evaluated internal controls for the Student Activity funds administered by the District to determine whether adequate policies and procedures were in place and operating effectively.
2. Reviewed the District's Financial Accounting Manual to determine procedures for handling District funds.
3. Interviewed District officials to obtain an understanding of FFA operations and its relationship with the District.
4. Reviewed documentation compiled by District officials to obtain an understanding of the concerns identified by District officials and subsequent actions.
5. Obtained and examined documents related to fundraising activity for the District FFA's Student Activity account and compared the amounts collected to deposits recorded in the District's accounting system to determine if the amounts collected were properly recorded and deposited intact.
6. Obtained documentation from associated FFA Board or non-District organizations regarding any funding provided to the District's FFA program.
7. Scanned disbursements from the FFA Student Activity fund administered by the District and reviewed selected disbursements for propriety. Reviewed documents related to "The Hampton Plot", to determine if the land was donated or owned by the District.
8. Attempted to determine if the revenue generated from the "Hampton Plot" was deposited in the FFA Student Activity Fund administered by the District.

No items of non-compliance were identified during the performance of the specific procedures listed above. However, recommendations were provided for some concerns to help strengthen the District's policies and procedures. 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 the District, additional matters might have come to our attention that would have been reported to you.

We would like to acknowledge the assistance extended to us by the officials and personnel of the District during the course of the reaudit.

A handwritten signature in black ink, appearing to read "Rob Sand". The signature is stylized with a large, looped "R" and "S".

ROB SAND
Auditor of State

December 18, 2023

Hampton-Dumont Community School District

Hampton-Dumont Community School District

For the period June 1, 2017 through June 30, 2023

Background Information

We received a citizens’ petition to conduct a reaudit of the Hampton-Dumont Community School District (District) for the fiscal year 2022. The request specified the concerns listed in the next section of this report, including:

- Activity in Future Farmers of America (FFA), and
- Revenue rights from the land usage of the “Hampton Plot” land utilized by the FFA.

As a result of the request and review of the concerns, we determined it was necessary to perform reaudit procedures for the concerns identified. The reaudit procedures were performed for the period June 1, 2017 through June 30, 2023.

No instances of non-compliance were identified related to the specific concerns presented with the reaudit request. However, recommendations were provided for some concerns to help strengthen the District’s policies and procedures. In addition, information obtained while performing the procedures is included in the following section of this report along with the concerns provided to us. While the reaudit procedures performed addressed the concerns presented, additional procedures were not performed during our fieldwork for the reaudit. Had we performed additional procedures, additional matters might have been identified and included in this report.

Concerns and Auditor’s Responses

- 1) **Future Farmers of America (FFA) Activity Funds** – Petitioners were concerned over the continued decrease in the FFA activity account for the period June 1, 2017 through June 30, 2023.

Auditor’s Response – We obtained the fund balance and detailed activity reports for the FFA account. Using the detailed activity reports we scheduled all revenues received and expenses disbursed by the District for the FFA activities. During our review, we confirmed for fiscal years 2020, 2021, and 2022, the FFA program had more expenses than revenues leading to a decrease in fund balance. **Table 1** summarizes the beginning balance, revenues, expenses, and ending balances for the FFA account for the period fiscal years 2018 through 2023.

Table 1

Fiscal Year	Beginning Balance	Revenues	Expenses	Ending Balance
2018	\$ -	10,713.38	898.60	9,814.78
2019	9,814.78	18,458.17	17,462.97	10,809.98
2020	10,809.98	4,688.23	10,731.35	4,766.86
2021	4,766.86	2,459.03	3,274.78	3,951.11
2022	3,951.11	13,726.02	14,231.36	3,445.77
2023	3,445.77	10,722.02	9,709.90	4,457.89

As illustrated by the **Table**, the FFA's account balances saw a significant decrease from fiscal year 2019 to 2020 with a continued decline in fiscal years 2021 and 2022. During our review of FFA revenues, we noted the following:

- FFA did not receive any "Hampton Plot" revenue in fiscal years 2020 and 2021.
- Several other smaller program revenues were not received in fiscal years 2020 and 2021 such as conferences/conventions, suppers/dinners, green house, donations, and grants.

As a result of our testing, we did confirm the fund balance in the FFA account was decreasing; however, the decrease seems reasonable based on a decrease of revenues collected while expenses stayed similar to previous years.

According to District Officials enrollment in the FFA program has remained steady, however, student involvement in fundraising has declined. In addition, the annual FFA National Convention for 2020 was held in the fall. However, while expenses were incurred for the convention in 2020, the opportunity to hold fundraising events was impacted by COVID-19 which started in December 2020 and lasted through fiscal year 2021. This is illustrated by the **Table** above. District officials also expressed concerns regarding transparency with an outside organization who also provides fundraising activities for the FFA.

Auditor's Recommendation – District officials should develop policies and procedures to ensure student activity funds are reviewed in order to address any concerns prior to a student activity fund going into a negative position. The District should also develop policies and procedures for working with outside organizations whose primary purpose is to support/promote the District. The policies and procedures should comply with guidance provided by the Iowa Department of Education, address conflicts of interest by District employees, and any related Chapters of the *Code of Iowa*.

Response – The District Office and Vocational Agriculture Teacher have discussed at length how to move forward with fundraising. All fundraising opportunities are once again going to be run through the District accounts; therefore, we can monitor their balances and activities. For the period, the FFA fundraiser monies were all being deposited into the Alumni account. This makes it difficult for the District Office to account for all the revenues. This procedure has been changed.

The Business Manager and Vocational Agriculture teacher are also meeting more frequently to be sure that FFA will be able to financially support all their expenditures. The District Office is providing monthly, at the Alumni's request, year-to-date activity that is happening within the FFA Student Activity Accounts.

The District has met with the Alumni to go over the District procedures and has given them a copy of our district activity fund policies and processes for their reference.

Conclusion – Response accepted.

- 2) **Hampton Plot** – During the reaudit, District officials communicated a concern that the revenues generated from the land were not being turned over to the District. According to District records, from fiscal year 2018 through 2023, the District only received revenue during fiscal year 2022. District officials stated, there was a dispute between the Tall Corn Alumni Board and the Hampton-Dumont Community School District on who was to have possession over revenues generated from the land.

Auditor's Response – According to District officials, the land is owned by the District and the FFA program with assistance from the Tall Corn Alumni Board was permitted to use land to grow crops. The revenue from the crop sales was to be deposited with the District. However, according to a representative of the Tall Corn Alumni Board was under the belief that when the District attained control of the land, it was a donation to the FFA by the previous owners of the land. In addition, the

Tall Corn Alumni Board argued since this land was donated with the specific purpose of FFA use, all revenues generated were of sole possession of the FFA and were not required to be turned over to the District.

According to District officials, the District and the Tall Corn Alumni Board debated about who was to keep revenues generated from the “Hampton Plot.” In 2022, District officials demanded the Tall Corn Alumni Board turn over revenue from the “Hampton Plot” in the amount of \$3,260.02. The Tall Corn Alumni Board responded by detailing that they believe the land was a donation with a specific purpose to serve FFA needs thus they were not required to submit the crop funds to the District. However, the Tall Corn Alumni Board eventually returned the \$3,260.02 to the District provided information that the District purchased the land, and it was not a donation.

We requested and reviewed all documents related to the land acquisition to determine who was to be in possession of the crop revenues generated. According to land acquisition documents, it was determined that the land was owned by Carolyn and David M. Kelsey and then sold to the District on July 2, 1997. The land was purchased through a loan taken out by the District and debt payments were to be made from the proceeds of the Special Revenue, Physical Plant and Equipment fund in the District’s accounting system. According to supporting documentation available, the purchase price of the land was \$7,000.00 with \$1,000.00 due January 2, 1998 and \$1,000.00 due each year thereafter. According to supporting documentation, in 2007 the debt was completely paid including \$7,000.00 in principal payments and \$2,953.00 of interest.

Based on our review of supporting documentation, the District purchased and paid for the land. Therefore, the District was entitled to receive all revenues generated from the land. We requested records of the crops grown and sold from the District and the Tall Corn Alumni Board. The District was unable to provide supporting documentation showing the crops grown and crops sold for the period of the reaudit. According to a representative of the Tall Corn Alumni Board, the \$3,260.02 check issued to the District was for the crop sale revenue deposited with the Tall Corn Alumni Board.

Auditor’s Recommendation – The District should develop policies and procedures for approving the use of the plot by any outside organizations. The District should record all revenues and related expenses in the appropriate Student Activity Fund. If the District allows an outside origination to use the plot, a written agreement should be developed in consultation with the District’s legal counsel.

Response – The District was the one to identify that the Plot monies had not been turned over to the District. The District did reach out to the teacher and to the Alumni trying to verify where the Crop Sales monies had been deposited. After much discussion, the District did receive a check for \$3,260.02 for FY 2022 crops. There were no supporting documents provided to the District for the check given to the District. The following year the District required from the elevator and instructor a breakdown of the crops sold. The elevator did provide this information along with a check for the full amount of the crop sales for FY23.

The District will maintain FFA records of crops planted and revenues and expenses in the future for the Hampton Plot. The District will reach out to the local elevators used to be sure that all monies and expenses for this plot will be turned over to Hampton-Dumont District to be deposited or expensed from the District’s FFA account within the Student Activity Account.

The District will be requesting the Instructor to turn in an annual report for the Hampton Plot to be reviewed by the Hampton-Dumont Board of Education. The District will also ask the elevator to provide the past five years of records for this address to be sure all monies due to the District are in fact accounted for in the District books.

Conclusion – Response accepted.

- 3) **Student Activity Funds** – Petitioners were concerned that funds raised through various fundraisers were recorded in the District’s General Fund.

Auditor’s Response – Based on our review of available records, funds raised from various fundraisers are recorded in the Student Activity Fund associated with the fundraising event. The Student Activity fund also has a “General” Student Activity fund for recording revenues not specific to an activity.

Auditor’s Recommendation – District officials should continue to ensure all coaches or sponsors holding fundraising events maintain sufficient records which document the amount of collections expected, the amounts received, and the amounts actually deposited. These amounts should also be compared by an independent party and any differences investigated and resolved in a timely manner.

Response – The District currently has a Student Activities Fundraiser Guideline and Procedures manual available to all coaches and staff. The District will work with the Activities Director to make sure that future fundraising opportunities follow these guidelines more carefully.

The District will continue to monitor all fundraisers within the student activity accounts and address any and all that do not meet the standards of the State and District. All negative fundraisers will be addressed, and if not corrected the Board will be notified.

Conclusion – Response accepted.

Hampton-Dumont Community School District

Staff

This reaudit was performed by:

Gono Quaye, Staff Auditor



James Cunningham, CPA
Deputy Auditor of State