



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 April 17, 2008

Auditor of State David A. Vaudt today released a report on a special investigation of selected accounts at Burlington High School for the period July 1, 2004 through February 16, 2006. The special investigation was requested by officials of the Burlington Community School District as a result of concerns regarding mishandling of cash collections from a school dance by a District employee, James Upton. Mr. Upton was placed on administrative leave by the District and subsequently left the District's employment. The investigation also included a review of an account maintained by Mr. Upton for an organization named Adults Supporting Students in School-Related Tasks (ASSIST). While the organization was established for the purpose of providing financial and leadership assistance in the support of the High School's Junior and Senior students' school-related activities, ASSIST is not an organization sponsored by the School or District. The ASSIST account was reviewed for the period June 3, 2003 through April 3, 2006, to identify any District collections deposited by Mr. Upton through ASSIST.

Vaudt reported the special investigation identified \$12,374.66 of District collections not deposited to District accounts and \$14,202.28 of improper ASSIST disbursements during the period July 1, 2004 through February 16, 2006. The \$12,374.66 of undeposited collections include \$6,457.65 of estimated sales from a store at the High School and \$5,096.01 of various District collections which were deposited to ASSIST's account.

The improper ASSIST disbursements included credit card purchases which totaled \$6,581.10, including purchases from coin vendors, wellness vendors, music and movie vendors and purchases of grocery items, DVDs and automobile supplies from Wal-Mart. The improper disbursements also included \$7,453.45 of checks from ASSIST's checking account, including checks issued to cash, Wal-Mart, coin vendors, music vendors and Von Maur department store. The checks to Wal-Mart were for the purchase of candy, denture cleaner, DVDs and grocery items. Vaudt reported no improper disbursements from the District's accounts were identified.

The report includes recommendations to strengthen Burlington High School's internal controls and overall operations.

Copies of the report have been filed with 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/specials.htm>.

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**REPORT ON SPECIAL INVESTIGATION
OF SELECTED ACCOUNTS AT
BURLINGTON HIGH SCHOOL
BURLINGTON COMMUNITY SCHOOL DISTRICT

FOR THE PERIOD
JULY 1, 2004 THROUGH FEBRUARY 16, 2006**

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Auditor of State's Report

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

As a result of alleged improprieties regarding the handling of certain dance admission collections and at the request of District officials, we conducted a special investigation of selected accounts at Burlington High School. We have applied certain tests and procedures to selected financial transactions of various accounts within the High School's student activity fund for the period July 1, 2004 through February 16, 2006 or as otherwise noted. We also applied certain tests and procedures to a non-District bank account maintained by James Upton, a former teacher, for the Adults Supporting Students in School-Related Tasks (ASSIST) organization. Based on discussions with District 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) Interviewed District officials and reviewed written statements received from District employees and a student regarding the handling of cash admission fees collected at the Beach Night Dance.
- (3) Reviewed the activity for the Renaissance store, junior and senior class and Students Against Driving Drunk (SADD) Student Activity Fund accounts and the Renaissance Scholarship Trust Fund account to identify any unusual activity.
- (4) Examined receipt documentation prepared and maintained by High School administrative staff for deposits made to the office by Mr. Upton, including dance admissions, vending machine sales and senior class fundraising.
- (5) Calculated and compared expected sales from the Renaissance store to deposits made to the Renaissance Store and Renaissance Trust accounts.
- (6) Reviewed the District's purchases of resale items for the Renaissance store from ASSIST for support and propriety.
- (7) Examined ASSIST's bank statements and related documents, including checks and deposits, to identify any unusual activity. We attempted to review any documentation related to the disbursements. We also reviewed the source of the deposits to determine if the funds should have been deposited to the District rather than the ASSIST account.
- (8) Examined statements for ASSIST's credit card to identify any unusual activity.

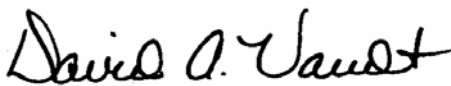
These procedures identified \$12,374.66 of District collections not deposited to District accounts, including \$5,096.01 of District collections which were deposited to ASSIST's account. In addition, the procedures identified \$14,202.28 of improper ASSIST disbursements during the period July 1, 2004 through February 16, 2006. Adequate records for receipts were not available

to determine if all District and ASSIST collections were properly deposited. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **E** of this report.

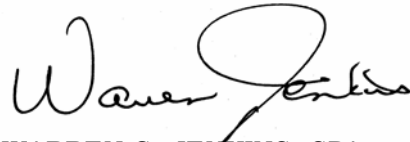
The procedures described above do not constitute an audit of financial statements conducted in accordance with U. S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the Burlington Community School District, other matters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

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

We would like to acknowledge the assistance and many courtesies extended to us by the personnel of the Burlington 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 20, 2008

Special Investigation of Selected Accounts at
Burlington High School
Burlington Community School District

Investigation Summary

Background Information

Burlington High School (School) offers students the opportunity to participate in a number of extracurricular activities, including special events such as Homecoming, Prom and periodic dances. The students are also provided the opportunity to participate in clubs, organizations, and athletic teams. School policy requires all clubs to have a purpose connected with school services or student interests. While the clubs are student organizations, oversight is provided by an adult sponsor, typically a teacher. Certain teachers also play a role in special events held at the School, such as dances.

James Upton taught in the Burlington Community School District for more than 30 years. In addition to teaching, Mr. Upton was the sponsor for the Junior and Senior classes and the Just Eliminate Lies (JEL) student organization. The JEL organization had previously been operated as a Students Against Drunk Driving (SADD) organization. Although Mr. Upton was not the sponsor of the Renaissance program, he assisted students with the Renaissance store's operations. Renaissance is a student organization based on a national program established to encourage academic excellence, improvement and citizenship.

As a sponsor of student organizations, Mr. Upton assisted with the organizations' fundraising activities, such as sponsoring school dances. The Junior class also sold School apparel and other items and the Senior class sold juice through vending machines located in the School. As sponsor, Mr. Upton was responsible for depositing collections from the fundraising activities with the School Office.

Mr. Upton was also on the Board of Directors of a non-profit organization known as "Adults Supporting Students in School-Related Tasks" (ASSIST). Mr. Upton maintained ASSIST's bank account and credit cards. While the organization was established for the purpose of providing financial and leadership assistance in the support of the School's Junior and Senior students' school-related activities, ASSIST is not an organization sponsored by the School or District. However, the District purchased candy from ASSIST for resale in the Renaissance store. As previously stated, Mr. Upton assisted students with the Renaissance store's operations. He was also responsible for delivering the candy purchased from ASSIST to the Renaissance store and billing the District for the purchases.

On Friday, January 27, 2006, a dance sponsored by the JEL student organization was held at the School after a basketball game. A table was set up at the entrance to the dance where cash was collected from students for admission. Mr. Upton and other teachers from the School collected admission fees from the students as they entered the dance. Pre-numbered tickets were not issued to the students and no other documents were prepared which recorded the number of students who paid the admission fee.

According to statements by the School's Principal and teachers present at the dance, prior to closing the admission table, the teacher assisting Mr. Upton performed a preliminary cash count which totaled \$1,030.00. The preliminary count did not include all change in the cash box or the admission fees paid by students after the count was taken. The teacher did not record the preliminary count. According to the statements provided to us, Mr. Upton took the cash box to his classroom after the admission table was closed and counted the cash in it. When Mr. Upton returned, he indicated to the other teachers present \$924.00 of admissions fees had been collected.

On the following Monday, January 31, 2006, Mr. Upton remitted \$914.00 to the School's Office. He reported the amount remitted included \$717.00 of dance collections, \$123.00 of collections from juice machines in the School and \$74.00 for sale of apparel and other items. As previously stated, Mr. Upton was the sponsor of the Junior class which sold apparel and other items as a fund raiser. He was also the sponsor of the Senior class and had a key to the juice vending machines which was a fund raiser for the Senior Class. As sponsor, he was responsible for removing collections from the machines and remitting them to the School Office for deposit.

On February 10, 2006, the School held a Beach Night dance. Mr. Upton was present at the dance to supervise the sale of concessions from the Renaissance store. According to the School Principal, Mr. Upton came over to the dance ticket table, removed a handful of money from the cashbox and began sorting through it. Mr. Upton also instructed a student helping at the ticket table to sort the cash. The Principal requested the money be put back in the cash box and it would be counted later. According to the Principal, he later observed Mr. Upton placing an unknown amount of money from the dance collections into his pocket. Mr. Upton was not confronted about placing the money in his pocket.

Prior to the dance, District officials instructed School personnel to issue a pre-numbered ticket to each student admitted to the dance. Use of pre-numbered tickets allows officials to reconcile the amount collected from students at the door to the amount subsequently remitted to the School Office for deposit. During the night of the dance, a student initially removed a ticket from a roll of pre-numbered tickets and tore it in half for each paid admission. However, the student issuing the tickets could not keep up with tearing the tickets for the number of paid admissions and eventually stopped using the pre-numbered tickets. Other documents which recorded the number of students who paid the admission fee were not prepared.

As a result of the concerns regarding Mr. Upton's collection and subsequent remittance of dance admission fees, he was placed on administrative leave on February 16, 2006. He is no longer employed by the District.

As a result of the concerns identified, the Office of Auditor of State was requested to conduct an investigation of certain student activity accounts of Burlington Community School District and the ASSIST bank account. We performed the procedures detailed in the Auditor of State's Report for the period July 1, 2004 through February 16, 2006 or as otherwise noted.

Detailed Findings

The procedures we performed identified \$12,374.66 of District collections not deposited to District accounts, including \$5,096.01 of District collections which were deposited to ASSIST's account. In addition, the procedures identified \$14,202.28 of improper ASSIST disbursements during the period July 1, 2004 through February 16, 2006. The improper disbursements for ASSIST include improper purchases made with a credit card and improper disbursements made by checks. No improper disbursements from the District's accounts were identified. All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

UNDEPOSITED DISTRICT COLLECTIONS

Dances - Various student activity organizations sponsor school dances. We reviewed the receipts for collections from dances from August 2004 to February 2006. The dances were sponsored by the student council, art club, Senior class and Renaissance. Renaissance is a student organization based on a national program established to encourage academic excellence, improvement and citizenship. Mr. Upton was the sponsor for the Senior class and was associated with the Renaissance program.

A \$300.00 deposit was made on November 1, 2004 for a dance sponsored by Renaissance and deposits totaling \$3,100.00 were made on May 9 and May 16, 2005 for prom ticket sales. As the

Senior class sponsor, Mr. Upton remitted the proceeds from prom ticket sales to the School. By reviewing receipts for collections from all dances, we determined the collections for most dances were deposited in amounts other than even \$100 increments. The only exceptions to this were the 2 dances for which Mr. Upton deposited the proceeds and the Vice-Versa dance in 2005. The only other dance for which Mr. Upton deposited proceeds was the dance previously mentioned which was held on January 27, 2006.

While we were unable to determine specific information for all of the dances, we were provided additional information for the dances held on January 27, 2006 and February 10, 2006. The information we were provided is summarized in the following paragraphs.

- As previously stated, at the dance held on January 27, 2006, a teacher assisting Mr. Upton at the admissions performed a preliminary cash count which totaled \$1,030.00. However, the preliminary count did not include all change in the cash box or the admission fees paid by students after the count was taken and the teacher did not record the preliminary count. According to the statements provided to us, after counting the cash box in the privacy of his classroom, Mr. Upton told other teachers assisting at the dance \$924.00 of admission fees had been collected.

According to the School's bookkeeper, Mr. Upton had not requested change for the cash box to be used at the start of the dance. Rather, he used cash he obtained from the juice machine. As a result, the amount remitted to the School Office by Mr. Upton for the dance admission fees and proceeds from the juice machine should have included the admission fees as well as the cash collected from the juice machine. We are unable to determine if the \$924.00 of admission fees reported by Mr. Upton to the teachers at the dance was strictly the amount of admission fees collected or if the amount also included sales from the juice machine.

On the following Monday, January 30, 2006, Mr. Upton remitted only \$914.00 to the School's Office. He reported the amount remitted included \$717.00 of admission fees for the dance, \$123.00 of sales from juice machines and \$74.00 from the sale of apparel and other items.

Because the \$914.00 remitted by Mr. Upton is less than the \$1,030.00 preliminary count performed by another teacher at the dance, it is apparent not all funds in the cash box on Friday, January 27, 2006 were subsequently deposited to the School's Office on Monday, January 31, 2006.

Because the preliminary count of \$1,030.00 by the other teacher did not include all the change in the cash box or admissions paid by any students entering the dance after the preliminary count was performed, it is reasonable to expect the amount actually in the cash box at the time admissions to the dance closed was approximately \$1,050.00.

As illustrated by **Table 1**, Mr. Upton should have remitted at least \$853.00 of admission fees for the dance. This calculation assumes the amounts reported by Mr. Upton for sales of juice, apparel and other items were reported accurately. Because of a lack of adequate documentation, we are unable to determine if the amounts reported by Mr. Upton are accurate. As illustrated by the **Table**, the difference between the expected dance admission fees of \$853.00 and the \$717.00 of dance admission fees remitted by Mr. Upton totals \$136.00. The estimated undeposited dance admission fees of \$136.00 have been included in **Exhibit A**.

Table 1

Description	Amount
Total estimated amount in cash box on 01/27/06	\$ 1,050.00
Less amounts reported by Mr. Upton for:	
Juice machine sales	(123.00)
Sales of apparel and other items	(74.00)
Expected dance admission fees	853.00
Dance admission fees remitted by Mr. Upton	(717.00)
Estimated undeposited dance admission fees	\$ 136.00

In an e-mail dated February 22, 2006 from Mr. Upton to the Iowa State Education Association, Mr. Upton attempted to explain why the preliminary count performed by the other teacher exceeded the amount Mr. Upton remitted to the School Office for the dance held on January 27, 2006. In the e-mail, he stated the cash box included \$200.00 of non-District funds. He reported the funds belonged to the ASSIST organization. Mr. Upton stated he kept the money to be used for change while selling items during the basketball games. Mr. Upton also stated the ASSIST sales were counted [and removed] prior to the dance but the \$200.00 change fund remained in the box along with \$121.00 of Senior class money. As a result, he stated the preliminary count included \$321.00 which was not collected for dance admission fees. Mr. Upton's explanation is summarized in **Table 2**.

Table 2

Description	Amount
Non-District cash – used for change	\$ 200.00
Senior class money (juice machine sales)	121.00
Dance admission fees remitted	717.00
Amount in the cash box	\$ 1,038.00

As illustrated by **Table 2**, based on the explanation provided by Mr. Upton, the total cash in the cash box at the end of the night totaled \$1,038.00. This is \$8.00 more than the preliminary count performed by the other teacher, which means the amount of change in the cash box plus the amount of admission fees collected from students after the preliminary count totaled only \$8.00. This appears to be an unusually low amount.

- As previously stated, School officials voiced concern regarding observations of Mr. Upton's actions taken with the admission fees collected for the Beach Party dance on February 10, 2006. According to the Principal, he observed Mr. Upton placing an unknown amount of money from the dance collections into his pocket.

As also previously stated, District officials instructed School personnel prior to the dance to issue a pre-numbered ticket for each paid admission to the dance. Use of pre-numbered tickets would have allowed officials to reconcile the admission fees collected to the amount subsequently remitted to the School Office for deposit. However, pre-numbered tickets were not issued for each student who paid an admission and other documents which recorded the number of students who paid the admission fee were not prepared.

While an approximate number of students admitted to the dance may have been determined by adding an estimate of the number of students admitted without a ticket to the number of tickets issued, an estimated amount of total admissions could not be determined. Typically, the approximate number of students admitted to the dance could have been multiplied by the cost of a single ticket to determine an estimate of total proceeds. However, the price of admission was reduced an hour into the dance. The number of students admitted for a reduced price was not tracked or recorded in any manner.

Because the District did not use prenumbered tickets or record attendance in a manner that would allow recalculation of an expected amount of ticket proceeds for the remaining dances between August 2004 and February 2006, we were unable to determine if all dance collections were properly deposited.

Undeposited checks – After Mr. Upton’s dismissal, the District discovered \$685.00 of undeposited checks payable to Burlington High School located in Mr. Upton’s desk. The District was unable to determine if the checks were for the District or for ASSIST. Because the checks were dated from 2000 through 2002, the District did not deposit the checks. The \$685.00 has been included in **Exhibit A**. Because the checks were payable to the School, they have been included as an undeposited collection of the District.

Renaissance store – As previously stated, Renaissance is a student organization based on a national program established to encourage academic excellence, improvement and citizenship. The Renaissance store operated at the School provides funding for the Renaissance organization and is included as an account within the District’s Student Activity Fund.

A District official we spoke with expressed concern about a trend of decreased revenue from the store. During the period of our review, the District lacked proper controls over the Renaissance store’s collections and inventory. The store did not use a cash register or other method to record store sales. In addition, the quantities of inventory received by the store were not compared to the quantities billed on invoices.

The store maintains an inventory of food, snack and beverage items and is open at designated times during the school day and for evening and weekend events. The store is operated by students. During the period of our review, Mr. Upton and the Dean of Students provided oversight to the students and were responsible for ensuring the store was stocked and clean.

The cash collections from the store’s concession sales were maintained in a cash box by the students operating the store. The cash box was locked in the store during the day and locked in the School safe overnight. The School bookkeeper placed the cash box with \$90 of change in the store at the beginning of each day. At mid day and at the end of the day, the bookkeeper obtained the cash box, counted the collections and issued a receipt for the collections. Receipt or sales records were not maintained and the store collections were not counted by anyone prior to being receipted in by the School bookkeeper. A number of individuals had keys to the store and, as a result, had access to the cash box and the store’s inventory.

Inventory purchases included candy purchases from ASSIST. Mr. Upton was responsible for the sale of ASSIST candy to the Renaissance store, including delivery of the items and preparation of the billings from ASSIST to the District. An independent person did not verify the invoices from ASSIST agreed with the quantities of candy received from ASSIST. The District did not maintain inventory records of the quantities of products received, sold and on hand.

On February 16, 2006, the same day Mr. Upton was placed on administrative leave, District personnel performed an inventory count at the store. Because store sales records were not available, we performed an analysis of the store’s activity using the records available to us at the time of our fieldwork. We reviewed invoices for purchases of store inventory, the store’s price list

and an inventory listing prepared by District personnel. Using these records, we estimated store sales.

The store sales were estimated by determining the expenditures made for resale items and applying a markup rate. When reviewing the store's expenditures, we identified 4 vendors from whom the District frequently purchased resale items. We determined an average price markup for the 4 vendors by comparing the prices paid for the purchased products to the store's price list. The inventory on hand at February 16, 2006 was deducted from the expenditures prior to applying the average price markup. Our calculation begins with a zero beginning inventory because the District does not maintain a store inventory during the summer. **Table 3** illustrates our calculation of the store's estimated sales and compares the estimated sales to the actual deposits for the period July 1, 2004 through February 16, 2006. As illustrated by the **Table**, the actual deposits made were \$6,457.65 less than the estimated sales.

Table 3

Description	Vendor					Total
	ASSIST	Pepsi	Frito-Lay	Wal-Mart	Others	
Expenditures	\$ 7,395.83	14,676.90	12,128.14	3,033.88	3,144.87	40,379.62
Less: Inventory Cost	(582.27)	(386.91)	(259.74)	(301.10)	(2.67)	(1,532.69)
Cost of Goods Sold	6,813.56	14,289.99	11,868.40	2,732.78	3,142.20	38,846.93
Average Markup	36%	63%	50%	48%	36%*	
Calculated Sales	\$ 9,266.44	23,292.68	17,802.60	4,044.51	4,273.39	58,679.62
Deposits						52,221.97
Difference						\$ 6,457.65

* - Used the lowest average markup of the 4 primary vendors for all the remaining vendors.

The difference between the estimated sales and actual deposits could be attributed to a number of factors which may have occurred, including:

- Undeposited collections – collections from store sales may not have been deposited.
- Excess billings – invoices for inventory purchases may have included items not received by the store.

In addition, the difference between the estimated sales and actual deposits could be affected by the loss of inventory due to theft or spoilage. However, based on discussions with School officials, this potential effect is not considered to have a significant impact. Because we are unable to determine the reason for the difference between the estimated sales and the actual deposits, the estimated shortage of \$6,457.65 has been included on **Exhibit A**.

ASSIST ACCOUNT

ASSIST is organized as a non-profit organization under section 501(c)(3) of the Internal Revenue Code. It was established in 1992 to provide support of school-related activities of Burlington High School Junior and Senior students. Because the organization was established to assist individual students meeting certain criteria and not for the benefit of a class or organized group of students, the organization is not, and should not be, school-sponsored. As a result, the financial activities of the account were appropriately not reported by the Burlington Community School District.

According to a 2005 Biennial Report for an Iowa Nonprofit Corporation filed with the Iowa Secretary of State, ASSIST had 4 officers, including Mr. Upton, and Mr. Upton's home address was listed as the principal office of the organization. According to bank documents we reviewed, Mr. Upton maintained sole control over the ASSIST bank account and was responsible for

collecting and depositing ASSIST receipts. Mr. Upton also issued and signed all checks for ASSIST disbursements. According to School staff we spoke with, Mr. Upton kept ASSIST candy and other fundraising products in his classroom at the School.

As previously stated, the Renaissance store purchased candy from ASSIST for resale at the store and Mr. Upton was responsible for delivering the candy to the store and billing the District for amounts purchased. The ASSIST organization raised funds by selling candy, apparel and other items to the Renaissance store.

Due to the District's concerns that District funds may have been deposited to ASSIST's account, the District requested ASSIST's financial records from Mr. Upton. Mr. Upton submitted ASSIST records consisting of primarily a check register, bank statements, deposit slips and credit card statements. The records did not include receipts or sales records and only 2 invoices were available to support disbursements made from ASSIST's checking account during the period of our investigation. We reviewed the records Mr. Upton submitted to the District for the period of our investigation.

We obtained the bank statements, deposit slips, deposit details and cancelled checks for the ASSIST account directly from the bank for the period June 3, 2003 through April 3, 2006. We examined the records obtained to identify any unusual activity in the account. Our findings for ASSIST activity are summarized below.

Deposits – Using the documents obtained from the bank, we reviewed the source of the funds deposited to the ASSIST account to determine the propriety of the deposits. During our review, we identified deposits to the ASSIST account which included checks payable to ASSIST, checks payable to the School and cash. Each of the components of the deposits made to the ASSIST account are discussed in detail in the following paragraphs.

- a) Deposits Belonging to ASSIST – During our review of the deposits, we identified a number of checks payable to ASSIST. The checks appeared to be collections from fundraising activities. We also identified a number of similar checks payable to the School. The checks were batched with the checks payable to ASSIST and they were similar in dates and amounts to fundraising checks payable to ASSIST. It appears these checks were erroneously made payable to the School rather than ASSIST for a fundraising event sponsored by ASSIST. Based on information available, it appears all of these checks were properly deposited to ASSIST's account.
- b) Deposits Belonging to the District – We also identified checks payable to the School but deposited in the ASSIST account which appear to be District funds. These checks are listed in **Exhibit B** and the total of \$5,096.01 is included in **Exhibit A**. As illustrated by **Exhibit B**, checks issued to the School included checks from Jostens and the Wal-Mart Foundation. It appears 5 checks issued from the Wal-Mart Foundation were grants awarded to the School. The memo on 2 checks indicate they were for advertising on T-shirts sponsored by the SADD organization.

When District officials discussed these deposits with Mr. Upton, he explained a previous principal of the School had authorized the rebates from Jostens to be provided to ASSIST. However, when District officials tried to confirm the explanation, it was determined the principal was not employed by the District in 1992 when ASSIST was formed. The District obtained a listing of all rebates from Jostens. All rebate amounts were deposited to the ASSIST account or by the District.

The **Exhibit** also illustrates some of the checks were made payable to SADD, Renaissance and Senior class from various individuals or organizations.

- c) Cash Withheld from Deposits – We determined the deposits to the ASSIST account included \$15,456.28 of cash. Receipt records were not available for our review. In addition, we were unable to analytically compare the cash deposits to the checks deposited to the account. As a result, we were unable to determine the propriety of the cash deposits. Because we were unable to determine if any of the cash deposits were improperly deposited to ASSIST’s account, **Exhibit A** does not include any cash deposits made to the account.

During our review of the cash deposits, we identified 2 deposits from which cash was withheld. **Table 4** lists the deposits and the amounts identified. As illustrated by the **Table**, a total of \$622.08 cash was withheld from the deposits to the ASSIST account. The deposit slips did not include a signature. The \$622.08 has been included in **Exhibit A**.

Table 4

Date	Gross Amount of Deposit	Less: Cash Withheld from Deposit	Net Deposit
06/30/03	\$ 1,422.08	422.08	1,000.00
12/27/04	1,088.45	200.00	888.45
Total	\$ 2,510.53	622.08	1,888.45

- d) Deposits from Mr. Upton – The ASSIST bank account included 2 deposits from Mr. Upton. It appears the deposit made on March 14, 2005 was a reimbursement.

On February 1, 2005, a \$5,500.00 purchase at Shottenkirk Ford Chrysler in Mt. Pleasant was made using ASSIST’s Bank One credit card. On February 3, 2005, a \$3,000.00 credit from the same vendor was posted to the credit card account. At the end of February, a check issued from the ASSIST account paid the balance on the credit card account. We were unable to determine the purpose for the charge and credit and the amounts have been included as improper disbursements below.

On March 14, 2005, a \$2,500.00 check drawn on Mr. Upton’s personal account was deposited to ASSIST’s account. In addition, on February 1, 2006, a \$208.30 check payable to Mr. Upton from Southeastern Community College was deposited to ASSIST’s account. We were unable to determine why Mr. Upton’s check was deposited to the account. The \$2,500.00 personal check and \$208.30 check payable to Mr. Upton total \$2,708.30. This amount is included on **Exhibit A** as a repayment.

Improper Disbursements - During our investigation, we examined all disbursements from the ASSIST account and identified a number of improper disbursements which appear to be personal in nature or unrelated to the stated purposes of ASSIST. Some of the improper disbursements were made with credit cards issued to ASSIST while others were made by checks issued from the ASSIST checking account. As stated previously, Mr. Upton signed all checks from the ASSIST checking account.

- a) Missing Credit Card Statement - The credit card statements provided by Mr. Upton showed credit card accounts were established with Bancard and Bank One/Chase in the name of ASSIST. The accounts also included Mr. Upton’s name and home address. We traced the payments shown on the statements provided by Mr. Upton to checks issued from ASSIST’s account. By reviewing the checks from ASSIST’s checking account, we identified a \$167.73 payment to a credit card on March 20, 2006. However, Mr. Upton did not provide a statement for the payment. The \$167.73 payment has been included in **Exhibit A**.

- b) Credit Card Purchases – Using the credit card statements provided by Mr. Upton, we identified 54 transactions between November 3, 2003 and February 2, 2006. The purchases total \$14,548.13 and are listed in **Exhibit C**. As illustrated by the **Exhibit**, the credit card was used for purchases at a number of vendors such as Poker Bargains, Melaleuca (nutritional supplements) and Stress Reduction Tapes. The **Exhibit** also includes the transactions with Shottenkik Ford/Chrysler and a number of transactions with coin dealers, including US Rare Coin, US State Quarters.com, US Mint Sale, US Rare Coin and Bullion and CoinSafe LLC.

Supporting documentation is not available to support any of the purchases. However, for 3 purchases made at Wal-Mart, we were able to obtain receipts from the store to determine the items purchased. The 3 purchases total \$287.68 and are detailed in **Exhibit D**. As illustrated by the **Exhibit**, the purchases include candy, DVDs, automobile supplies, cat food and grocery items. We reviewed each item purchased and categorized it as appropriate for ASSIST operations or improper because it appeared to be personal in nature.

As illustrated by the **Exhibit**, the only purchases made with the credit card from Wal-Mart which appeared to be appropriate for ASSIST operations was candy purchased in large quantities. On a few occasions, single items of candy were purchased, which appear to be personal purchases and not purchases for resale. Also as illustrated by the **Exhibit**, the personal purchases total \$201.55.

For the remaining purchases, we determined if the charges appeared reasonable based on student activities sponsored by ASSIST and whether the purchases appeared to be necessary for ASSIST's fundraising activities. As illustrated by the **Exhibit**, purchases were made from retail discount stores and specialized vendors. For vendors from whom purchases were made, we determined the types of products sold by reviewing information on the vendors' websites. To determine reasonableness, we also considered the quantity of items purchased.

As illustrated by **Exhibit C**, we determined \$6,581.10 of the purchases made with the credit cards are improper and have been included in **Exhibit A**. The improper charges include purchases at various coin vendors, health and wellness vendors and music and movie vendors.

- c) Disbursements by Check – Except for 2 invoices included in the ASSIST records provided to the District by Mr. Upton, documentation such as receipts or invoices was not available to support the checks from the ASSIST account. However, we were able to obtain supporting documentation for 8 checks to Wal-Mart. The 8 purchases total \$3,105.76 and are listed in **Exhibit D**. As illustrated by the **Exhibit**, the purchases include candy, DVDs and grocery items.

We reviewed each item purchased and categorized it as appropriate for ASSIST operations or improper because it appeared to be personal in nature. As illustrated by the **Exhibit**, the only purchases which appeared to be appropriate for ASSIST operations were candy purchased in large quantities. On a few occasions, single items of candy were purchased which appear to be personal purchases and not purchases for resale. Also as illustrated by the **Exhibit**, the personal purchases total \$86.10.

For the remaining purchases, we determined if the disbursements appeared reasonable based on student activities sponsored by ASSIST and whether the purchases appeared to be necessary for ASSIST's fundraising activities. We also considered any memo notations made on the check. In addition to the improper Wal Mart purchases, we identified 20 improper checks. Each check includes Mr. Upton's name as the signer.

The 20 improper checks identified are listed in **Exhibit E** and total \$5,420.41. As illustrated by the **Exhibit**, the checks were issued to a number of payees and ranged in amount from \$28.95 to \$952.74. The improper checks include checks issued to cash, coin vendors, music vendors and Von Maur department store. The \$5,420.41 total of the checks has been included in **Exhibit A**.

To determine the current status of the ASSIST account, we obtained additional bank documents after the completion of our fieldwork. The additional period reviewed included April 4, 2006 through July 12, 2006. The account was closed on July 12, 2006. During our review of the bank documents, we identified 2 unusual checks. Check number 717 cleared on June 20, 2006 and was paid to Dusty Humphrey for \$254.38. The final transaction in the account was check number 718 paid to cash for \$1,778.66 on July 12, 2006. Both checks were signed by Mr. Upton. The 2 checks total \$2,033.04. This amount has been included in **Exhibit A**.

Recommended Control Procedures

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

- (A) Separately Maintained Bank Account - Adults Supporting Students in School-Related Tasks (ASSIST) was established for purposes of providing financial and leadership assistance in support of school-related activities of Burlington High School Junior and Senior students and is organized under section 501(c)(3) of the Internal Revenue Code.

Because the organization was established to assist individual students meeting certain criteria and not for the benefit of a class or organized group of students, the organization was not school-sponsored. As a result, the financial activities of the account were not reported by the Burlington Community School District. Rather, the account was maintained by Mr. Upton, a District employee. Mr. Upton had control over each of the following areas for the ASSIST account:

- (1) Receipts - collecting, depositing and recording in the check register.
- (2) Disbursements - preparing and signing checks, mailing/distributing checks and recording payments in the check register.

In addition, very limited documentation was maintained for the ASSIST account. Receipts and disbursements were not journalized, receipts were not issued for collections, disbursements were not independently approved, dual signatures were not required on checks, supporting documentation for receipts and disbursements was not available and an independent review of financial transactions was not performed. In addition, monthly financial reports were not prepared and reviewed.

Since his departure from the District, Mr. Upton told District officials he contacted the Secretary of State's Office to dissolve ASSIST. According to the Secretary of State's website, a certificate of administrative dissolution was filed on August 6, 2007.

Recommendation - Although the District is not responsible for this legally separate account, the District could assist those responsible for similar accounts in maintaining adequate financial accountability by adopting recommended operating policies and

procedures to provide guidance to individuals involved in the financial and accounting functions for those organizations. The recommended operating policies and procedures should include:

- (1) Segregating receipt and disbursement functions between appropriate individuals.
- (2) Periodic review of supporting documentation for receipts and disbursements by an independent individual.
- (3) Maintenance of formal accounting records of receipts and disbursements through the use of receipt and disbursement journals to categorize receipts and disbursements.
- (4) Issuance of prenumbered receipts for all collections, with the sequence of prenumbered receipts accounted for.
- (5) Preparation of checks by one individual with a review by an independent individual, including a comparison of the check to invoices or other supporting documentation, prior to the independent individual countersigning the check.
- (6) Preparation of detailed monthly financial reports which are provided to the organization's governing body for review and approval on a periodic basis.

District officials or employees should not maintain accounts or store resale items for parent-sponsored organizations since it may cause confusion about the purpose and nature of the account and activity.

- (B) Renaissance Store Inventory – The District did not maintain records to document inventory quantities purchased, sold or remaining on hand at the store.

Certain inventory for resale at the District's Renaissance Store is purchased from the "Adults Supporting Students in School-Related Tasks" (ASSIST), a group organized under section 501(c)(3) of the Internal Revenue Code. The ASSIST account and related activity was under the sole control of James Upton, a teacher at Burlington High School. Mr. Upton handled the sale of ASSIST candy to the Renaissance Store, including delivery of the items and preparation of the billings from ASSIST to the District.

Inventory received by the District's Renaissance store was not verified to receiving reports or amounts billed to the District by someone independent of delivering the products and preparing the billings.

Recommendation – Records should be maintained to reconcile inventory quantities purchased, sold and on hand. Inventory received by the District's Renaissance store should be verified to receiving reports and amounts billed by an individual independent of delivering the products and preparing the related billings.

- (C) Renaissance Store Sales - A daily record or log of Renaissance store sales is not maintained. Cash and checks collected are placed in a cash box and are kept in the store during the day and in a safe in the high school office overnight.

Collections are not counted by student or adult workers. Twice a day, the High School bookkeeper obtains the cash box from the store, counts the cash and prepares a receipt for the collections. The established amount remains in the cash box, which is returned to the store each morning and after the afternoon count.

Renaissance store collections and inventory are not adequately safeguarded as numerous individuals have access to the store.

Recommendation – Sales should be recorded in a log at the time of sale. The cash collections should be counted and reconciled to the sales log daily by two individuals. The log should be initialed by the individuals once it reconciles to the collections. The log and cash box should then be forwarded to High School office for verification and recording the amount collected.

Access to the store should be limited to properly safeguard the inventory and cash on hand.

- (D) Large Dance Revenues – Tickets are sold in advance by the High School office for large dances, such as Homecoming and Vice/Versa. Tickets are printed and manually numbered. The High School bookkeeper creates a sign-up sheet in a spiral notebook with each line numbered to correspond with the ticket number. The students come to the office and write their name on a line and pay admission to the bookkeeper. They are then issued their dance ticket.

The bookkeeper accounts for the collections in a separate cash box located at the counter in the High School office and periodically issues a receipt for collections in the box. The numeric sequence of the tickets sold is not noted on the receipt issued by the bookkeeper and tickets sold are not reconciled to the receipts. The spiral notebook and the unsold tickets are given to the sponsor responsible for selling tickets at the dance. A reconciliation of the number of tickets sold at the event with cash receipts is not prepared. The unsold tickets are not returned to the High School bookkeeper. The spiral notebook is not retained.

Recommendation – The numeric sequence of tickets sold should be noted on the receipt issued by the High School bookkeeper. Collections should be reconciled to the record of sales (spiral notebook) by someone independent of selling tickets and collecting funds. The sales record (spiral notebook) for tickets sold by the sponsor at the event and all unsold tickets should be returned to the High School bookkeeper, who should reconcile the sales record to collections and account for all sold and unsold tickets. The sales record should be retained.

- (E) Small Dance Revenues – Cash is collected for paid admissions. Pre-numbered tickets are not used to reconcile paid admissions to cash collections. The cash collections are not always counted by the event sponsor prior to remitting to the High School bookkeeper. The bookkeeper counts the collections, prepares a receipt and deposits the collections.

Recommendation – The District should require the use of pre-numbered tickets at all events, including small dances, and establish appropriate reconciliation procedures for admissions collected. The reconciliation should consider the number of tickets issued, the amount of cash in the change box at the beginning of the event and the amount of cash collected. In addition, 2 or more individuals should be involved in the cash collection/ticket sales process. The reconciliation should be documented on a form signed by the individuals responsible for the reconciliation. The cash and reconciliation form should be locked in the High School safe. On the next working day, the High School bookkeeper should verify the reconciliation, issue a pre-numbered receipt and deposit the cash.

- (F) Vending Machine – Cash emptied from the Senior class juice machine was not counted simultaneously by 2 individuals. At times, the cash was not deposited intact but was used to make a change fund.

Recommendation – To improve control over vending machine collections when emptied, the cash collections should be counted by 2 individuals simultaneously. The cash collected should be documented on a count sheet and signed by the individuals counting the cash. Change funds for events should be obtained from the High School bookkeeper.

- (G) Pepsi Invoices – In 4 of 8 instances, the District’s disbursements to Pepsi for Renaissance store purchases were not supported by vendor invoices.

Recommendation – Prior to issuing checks for payment, the District should obtain vendor invoices to support all purchases.

- (H) Undeposited Checks – After Mr. Upton’s dismissal, the District discovered \$685.00 of undeposited checks issued to Burlington High School located in Mr. Upton’s desk. The District was unable to determine if the checks were for the District or for ASSIST. Because the checks were dated from 2000 through 2002, the District did not deposit the checks.

Recommendation – The District should implement procedures to ensure all checks received are deposited in a timely manner.

Exhibits

Special Investigation of Selected Accounts at
 Burlington High School
 Burlington Community School District

Summary of Findings
 For the period July 1, 2004 through February 16, 2006

Description	Exhibit/Table/ Page Number	District	ASSIST
Undeposited Collections:			
Estimated dance admissions	Table 1	\$ 136.00	-
Undeposited checks	Page 9	685.00	-
Estimated Renaissance store sales	Table 3	6,457.65	-
District funds deposited to the ASSIST bank account	Exhibit B	5,096.01	(5,096.01)
Cash withheld from deposit	Table 4	-	622.08
Subtotal		12,374.66	(4,473.93)
Improper disbursements:			
Missing credit card statement	Page 12	-	167.73
Credit card purchases	Exhibit C	-	6,581.10
Disbursements by check	Exhibit E	-	5,420.41
Additional disbursements by check	Page 14	-	2,033.04
Subtotal		-	14,202.28
Total		12,374.66	9,728.35
Less repayments:			
Mr. Upton's checks deposited to ASSIST	Page 12	-	(2,708.30)
Net total		\$ 12,374.66	7,020.05

**Report on Special Investigation of Selected Accounts at
Burlington High School
Burlington Community School District**

Special Investigation of Selected Accounts at
 Burlington High School
 Burlington Community School District

District Funds Deposited to the ASSIST Bank Account
 For the period July 1, 2004 through February 16, 2006

Date Deposited	Amount	Description	From	Check Payable To
07/09/03	^ \$ 358.68	<i>no memo</i>	Jostens	Burlington Schools
08/20/03	^ 66.92	<i>no memo</i>	Better Results, Inc.	Burlington HS Renaissance
08/20/03	^ 41.18	<i>no memo</i>	Better Results, Inc.	BHS
04/05/04	^ 251.00	<i>no memo</i>	SAKS, INC.	BHS Senior Class
04/23/04	^ 210.00	<i>no memo</i>	Jostens	Burlington Community HS
04/23/04	^ 75.00	<i>no memo</i>	Jostens	Burlington Community HS
04/23/04	^ 35.00	<i>no memo</i>	Jostens	Burlington Community HS
05/03/04	^ 388.48	<i>no memo</i>	Jostens	Burlington Community HS
05/24/04	^ 1,000.00	<i>no memo</i>	Wal-Mart Foundation	Burlington HS
05/28/04	^ 200.00	T Shirts	Alcohol & Drug Dependency Services of SE Iowa	BHS SAAD
07/09/04	200.00	T-Shirt Donation	Karl Stern	BHS SADD
07/09/04	40.00	Class of 74 Reunion	Diane Poisel	BHS
07/16/04	200.00	<i>no memo</i>	Franchise Management Corp. DBA Arby's	Burlington HS
08/03/04	200.00	sponsor on shirt	Des Moines County Agricultural Extension	BHS SADD
12/06/04	215.00	<i>no memo</i>	Jostens, Inc	Burlington Community HS
12/06/04	5.00	<i>no memo</i>	Jostens, Inc	Burlington Community HS
12/06/04	5.00	<i>no memo</i>	Jostens, Inc	Burlington Community HS
02/14/05	250.00	<i>no memo</i>	Wal-Mart Foundation	Burlington HS
02/14/05	250.00	<i>no memo</i>	Wal-Mart Foundation	Burlington HS
06/06/05	15.00	<i>no memo</i>	Jostens	Burlington Com HS
06/06/05	5.00	<i>no memo</i>	Jostens	Burlington Com HS
06/06/05	5.00	<i>no memo</i>	Jostens	Burlington Com HS
09/19/05	449.75	<i>no memo</i>	Jostens	Burlington Com HS
09/19/05	250.00	<i>no memo</i>	Wal-Mart Foundation	Burlington HS
09/19/05	250.00	<i>no memo</i>	Wal-Mart Foundation	Burlington HS
12/05/05	130.00	<i>no memo</i>	Jostens, Inc.	Burlington Com HS
	<u>\$ 5,096.01</u>		Total	

^ - We obtained the bank statements for the ASSIST account for the period June 3, 2003 through April 3, 2006.

Special Investigation of Selected Accounts at
Burlington High School
Burlington Community School District

Improper ASSIST Credit Card Purchases
For the period July 1, 2004 through February 16, 2006

Transaction Date	Vendor, per statement	Amount	Improper	Reasonable	
Bancard:					
11/03/03	^ Top USA Corp OH	\$ 334.00	-	334.00	
11/24/03	^ Annual Fee	40.00	-	40.00	
12/12/03	^ Crystal Crate & Cargo MI	51.56	51.56	-	
04/10/04	^ Amazon Superstore Amazon.com WA	55.21	-	55.21	
04/29/04	^ Stress Reduction Tapes Lexington,MA	67.00	67.00	-	
05/15/04	^ IFR * Collectors Choice Mu IL	93.68	93.68	-	
05/26/04	^ Corti Slim CA	199.96	199.96	-	
06/18/04	^ Overtons NC	104.99	104.99	-	
06/18/04	^ Overtons NC	72.96	72.96	-	
07/11/04	Walmart.com Internet AR	2.64	-	2.64	
07/14/04	Kmart Burlington IA	70.07	-	70.07	
07/20/04	Good Music Company NY	145.33	145.33	-	
07/21/04	Corti Slim- CREDIT	(199.96)	(199.96)	-	
07/22/04	Good Music Company NY- CREDIT	(6.00)	(6.00)	-	
07/22/04	WM Supercenter West Burlington IA	150.32	150.32	-	#
09/02/04	Poker Bargains CA	221.42	221.42	-	
	Subtotal for Bancard	<u>\$ 1,403.18</u>	<u>901.26</u>	<u>501.92</u>	

Description of Vendor's Products Based on Vendor's Website or Name

Specializes in customized premium ideas. Customized clocks, watches, calculators and more. Great for employee incentives and awards, fund raisers, customer "thank you's", sales lead generators, building customer relations, and announcing new programs.

-

Gourmet dinnerware, cookware, kitchen tools, cutlery, housewares and jewelry

Multiple products available from a wide variety of categories

Stress reduction tapes (mindfulness meditation practice CDs and tapes)

Reissues, imports and hard to find titles of music

Weight loss system

Boating accessories & watersports equipment (boat seats, boat covers, bikini tops, pontoon boat furniture, wakeboards, waterskis, jet ski and PWC equipment)

Boating accessories & watersports equipment (boat seats, boat covers, bikini tops, pontoon boat furniture, wakeboards, waterskis, jet ski and PWC equipment)

Multiple products available from a wide variety of categories

Multiple products available from a wide variety of categories

Musical instrument web specials

Weight loss system

Musical instrument web specials

DVD's, automotive supplies, food items

Supplier of high quality poker sets and gaming products (poker chips, clay poker chips, poker sets, poker tables, and more)

Special Investigation of Selected Accounts at
Burlington High School
Burlington Community School District

Improper ASSIST Credit Card Purchases
For the period July 1, 2004 through February 16, 2006

Transaction Date	Vendor, per statement	Amount	Improper	Reasonable
Bank One/Chase:				
11/05/04	Omega Natural SCI MA	48.93	48.93	-
12/15/04	US Rare Coin TX	527.00	527.00	-
01/07/05	Stress Reduction Tapes Lexington, MA	35.00	35.00	-
01/13/05	US State Quarters.com WI	123.80	123.80	-
01/20/05	ICON Customer Service UT	49.95	49.95	-
01/23/05	Staples Burlington, IA	128.39	-	128.39
01/27/05	The Foreign Candy Comp IA	1,949.64	-	1,949.64
02/01/05	Shottenkirk Ford/Chrys Mt. Pleasant, IA	5,500.00	5,500.00	-
02/03/05	Shottenkirk Ford/Chrys Mt. Pleasant, IA- CREDIT	(3,000.00)	(3,000.00)	-
03/18/05	The Foreign Candy Comp IA	909.26	-	909.26
03/20/05	Kmart Burlington,IA	113.73	-	113.73
04/13/05	US Mint Sale	73.80	73.80	-
04/14/05	The Foreign Candy Comp IA	140.40	-	140.40
06/01/05	US Rare Coin and Bullion TX	665.00	665.00	-
06/07/05	Candy Crate Inc CA	45.55	45.55	-
06/13/05	Melaleuca Inc ID	335.82	335.82	-

Description of Vendor's Products Based on Vendor's Website or Name

OmegaBrite is an extremely pure, pharmaceutical grade 90% Omega-3 essential fatty acid supplement scientifically formulated to promote cardiac health, emotional wellbeing, joint health and cognitive clarity

Coins

Stress reduction tapes (mindfulness meditation practice CDs and tapes)

State quarters, maps and rolls, state quarter proof sets, Presidential dollar coins and thousands of U.S. coins. Huge selection of holders, U.S. proof sets, coin supplies and stamp collecting supplies and stamps

ICON health and fitness

Business and home office supplies

Exclusive candies imported for foreign language teachers and the promotion of foreign language studies

Automobile Dealer

Automobile Dealer

Exclusive candies imported for foreign language teachers and the promotion of foreign language studies

Multiple products available from a wide variety of categories

Coins

Exclusive candies imported for foreign language teachers and the promotion of foreign language studies

Coins

Old fashioned candy and gift store that offers hard to find nostalgic candy, tin signs, retro candy gift boxes, & colorful candy baskets

A complete line of wellness products from scientifically developed nutritional supplements to environmentally friendly home care cleaners, personal care products, and more

Special Investigation of Selected Accounts at
Burlington High School
Burlington Community School District

Improper ASSIST Credit Card Purchases
For the period July 1, 2004 through February 16, 2006

Transaction Date	Vendor, per statement	Amount	Improper	Reasonable
07/08/05	Top USA Corp	5.00	-	5.00
07/14/05	NGC Worldwide Inc (Golf) CT	89.95	89.95	-
07/19/05	CoinSafe LLC WI	300.05	300.05	-
07/22/05	Melaleuca Inc ID	69.46	69.46	-
07/27/05	CoinSafe LLC WI	44.15	44.15	-
08/22/05	The Foreign Candy Comp IA	2,948.80	-	2,948.80
08/31/05	Melaleuca Inc ID	82.32	82.32	-
09/30/05	Melaleuca Inc ID	72.95	72.95	-
10/25/05	The Bob and Tom Store IN	35.94	35.94	-
11/04/05	Melaleuca ID	57.01	57.01	-
11/06/05	Kmart Burlington IA	53.48	-	53.48
11/09/05	Betty's Attic FL	36.98	36.98	-
11/09/05	Sony Music Store NY	15.56	15.56	-
11/10/05	Betty's Attic FL	24.00	24.00	-
11/16/05	Cmpgn Tobacco Free Kids VA	49.00	-	49.00

Description of Vendor's Products Based on Vendor's Website or Name

Specializes in customized premium ideas. Customized clocks, watches, calculators and more. Great for employee incentives and awards, fund raisers, customer 'thank yous,' sales lead generators, building customer relations, and announcing new programs

Outdoor sports equipment including golf

Plastic coin holders, albums, and numismatic supplies

A complete line of wellness products from scientifically developed nutritional supplements to environmentally friendly home care cleaners, personal care products, and more

Plastic coin holders, albums, and numismatic supplies

Exclusive candies imported for foreign language teachers and the promotion of foreign language studies

A complete line of wellness products from scientifically developed nutritional supplements to environmentally friendly home care cleaners, personal care products, and more

A complete line of wellness products from scientifically developed nutritional supplements to environmentally friendly home care cleaners, personal care products, and more

CD's, DVD's, hats and t-shirts for the Bob and Tom Show

A complete line of wellness products from scientifically developed nutritional supplements to environmentally friendly home care cleaners, personal care products, and more

Multiple products available from a wide variety of categories

Nostalgic collectibles (Baby Boomer toys, dolls, puzzles and games plus classic television, movie and radio memorabilia)

Sony music products, including CD's, cassettes, vinyl, video, minidisks, SACDs and DVDs.

Nostalgic collectibles (Baby Boomer toys, dolls, puzzles and games plus classic television, movie and radio memorabilia)

Promotional products

Special Investigation of Selected Accounts at
Burlington High School
Burlington Community School District

Improper ASSIST Credit Card Purchases
For the period July 1, 2004 through February 16, 2006

Transaction Date	Vendor, per statement	Amount	Improper	Reasonable	
11/30/05	Ninas Discount Oldies PA	60.59	60.59	-	
12/10/05	Wal-Mart Burlington, IA	54.06	27.31	26.75	#
12/31/05	Shopko Burlington, IA	121.93	-	121.93	
01/19/06	The Foreign Candy Comp IA	959.35	-	959.35	
01/26/06	ISI Heartland America MN	132.94	132.94	-	
02/01/06	ISI Heartland America MN	201.86	201.86	-	
02/02/06	Wal-Mart Burlington, IA	83.30	23.92	59.38	#
	Subtotal for Bank One/Chase	<u>\$ 13,144.95</u>	<u>5,679.84</u>	<u>7,465.11</u>	
	Total	<u>\$ 14,548.13</u>	<u>6,581.10</u>	<u>7,967.03</u>	

- Receipt was obtained from Wal-Mart. See detailed listing in **Exhibit D**.

^ - We reviewed the statements provided by Mr. Upton for the period November 3, 2003 through February 2, 2006.

Description of Vendor's Products Based on Vendor's Website or Name

Mail-order source for music and movies

Cat food, DVD, candy

Home, family basics, casual apparel, seasonal products and retail health

Exclusive candies imported for foreign language teachers and the promotion of foreign language studies

Brand name merchandise at discount prices (electronics, jewelry, watches, household items, automotive, hardware, gifts, gadgets, toys and games)

Brand name merchandise at discount prices (electronics, jewelry, watches, household items, automotive, hardware, gifts, gadgets, toys and games)

Candy, food items

Exhibit D

Special Investigation of Selected Accounts at
 Burlington High School
 Burlington Community School District

ASSIST Purchases made at Wal-Mart
 For the period July 1, 2004 through February 16, 2006

Transaction Date	Description per receipt	Unit Cost	Quantity Purchased	Extended Cost	Improper	Appears Appropriate
Purchases by Credit Card:						
07/22/04	DVD	\$ 21.87	1	\$ 21.87	21.87	-
	DVD	9.44	6	56.64	56.64	-
	DVD	14.44	2	28.88	28.88	-
	Dances Wlves	9.44	1	9.44	9.44	-
	Motor Oil	6.77	2	13.54	13.54	-
	Bananas	0.38	3.66 lbs.	1.39	1.39	-
	Wndshld Wash	0.94	1	0.94	0.94	-
	Hrshy Kis	3.94	2	7.88	7.88	-
	Tax			9.74	9.74	-
				<u>150.32</u>	<u>150.32</u>	<u>-</u>
12/10/05	Friskies	3.66	1	3.66	3.66	-
	EQ TOLNAFTAT	4.96	3	14.88	14.88	-
	DVD TV Show	1.00	1	1.00	1.00	-
	Lifesaver	2.50	5	12.50	-	12.50
	Lifesaver	1.33	1	1.33	1.33	-
	LS Pep O Mint	2.50	5	12.50	-	12.50
	MT SMR SSS	4.98	1	4.98	4.98	-
	Tax			3.21	1.46	1.75
				<u>54.06</u>	<u>27.31</u>	<u>26.75</u>
02/02/06	Gum Pop	1.50	37	55.50	-	55.50
	TOLNAFTAT	4.96	3	14.88	14.88	-
	Choc Pretzel	5.93	1	5.93	5.93	-
	Banana	0.48	3.44 lbs.	1.65	1.65	-
	Tax			5.34	1.46	3.88
				<u>83.30</u>	<u>23.92</u>	<u>59.38</u>
	Total Credit Card Purchases			<u>\$ 287.68</u>	<u>201.55</u>	<u>86.13</u>
Purchases by Check:						
09/17/03 ^	NonChoc Chec	0.48	108	51.84	-	51.84
	Nut Roll	1.97	1	1.97	1.97	-
	Hersey Milk Choc	2.50	122	305.00	-	305.00
	Chocolate	2.50	24	60.00	-	60.00
	Snickers	1.98	96	190.08	-	190.08
	3 Musketeers	1.98	24	47.52	-	47.52
	Discount			(65.64)	(0.19)	(65.45)
	Tax			41.35	0.12	41.23
				<u>632.12</u>	<u>1.90</u>	<u>630.22</u>

Special Investigation of Selected Accounts at
 Burlington High School
 Burlington Community School District

ASSIST Purchases made at Wal-Mart
 For the period July 1, 2004 through February 16, 2006

Transaction Date	Description per receipt	Unit Cost	Quantity Purchased	Extended Cost	Improper	Appears Appropriate
10/04/03 ^	3 Musketeers	1.98	24	47.52	-	47.52
	Snickers	1.98	24	47.52	-	47.52
	Hershey Kit	2.50	48	120.00	-	120.00
	Discount			(21.50)	-	(21.50)
	Tax			13.55	-	13.55
				<u>207.09</u>	<u>-</u>	<u>207.09</u>
10/05/03 ^	NonChoc Chec	0.48	144	69.12	-	69.12
	Nut Roll	1.97	32	63.04	-	63.04
	Hershey	2.50	96	240.00	-	240.00
	Discount			(37.22)	-	(37.22)
	Tax			23.45	-	23.45
				<u>358.39</u>	<u>-</u>	<u>358.39</u>
11/09/03 ^	NonChoc Chec	0.48	79	37.92	-	37.92
	Choc Checkou	0.48	146	70.08	-	70.08
	Denture Cleaner	3.94	1	3.94	3.94	-
	Snicker Almond	0.48	48	23.04	-	23.04
	Tax			9.45	0.28	9.17
				<u>144.43</u>	<u>4.22</u>	<u>140.21</u>
01/02/04 ^	Denture Cleaner	4.96	1	4.96	4.96	-
	Choc Checkou	0.48	168	80.64	-	80.64
	Snicker Almond	0.48	48	23.04	-	23.04
	Choc Checkou	0.44	68	29.92	-	29.92
	Tax			9.70	0.35	9.35
				<u>148.26</u>	<u>5.31</u>	<u>142.95</u>
01/12/04 ^	Hershey Milk	2.50	72	180.00	-	180.00
	Chocolate	2.50	72	180.00	-	180.00
	3 Musketeers	2.50	48	120.00	-	120.00
	Hershey Kit	2.50	48	120.00	-	120.00
	Snickers Almond	2.50	48	120.00	-	120.00
	Snickers	2.50	48	120.00	-	120.00
	Tax			58.80	-	58.80
				<u>898.80</u>	<u>-</u>	<u>898.80</u>

Exhibit D

Special Investigation of Selected Accounts at
Burlington High School
Burlington Community School District

ASSIST Purchases made at Wal-Mart
For the period July 1, 2004 through February 16, 2006

Transaction Date	Description per receipt	Unit Cost	Quantity Purchased	Extended Cost	Improper	Appears Appropriate
07/09/04	AE Milk	2.55	1	2.55	2.55	-
	Bananas			1.01	1.01	-
	Hershey Mini	2.50	2	5.00	5.00	-
	Chip	1.86	2	3.72	3.72	-
	DVD	14.44	1	14.44	14.44	-
	DVD	9.44	1	9.44	9.44	-
	DVD	15.84	1	15.84	15.84	-
	Clotrimazol	3.64	4	14.56	14.56	-
	Orange Juice	1.98	2	3.96	3.96	-
	Tax			4.15	4.15	-
				74.67	74.67	-
12/14/04	Hershey Milk	2.50	48	120.00	-	120.00
	Chocolate	2.50	48	120.00	-	120.00
	3 Musketeers	2.50	48	120.00	-	120.00
	Snickers	2.50	48	120.00	-	120.00
	Hershey Fast Bar	2.50	48	120.00	-	120.00
	Tax			42.00	-	42.00
				642.00	-	642.00
	Total Check Purchases			\$ 3,105.76	86.10	3,019.66
Total				\$ 3,393.44	287.65	3,105.79

^ - We obtained the bank statements for the ASSIST account for the period June 3, 2003 through April 3, 2006.

Special Investigation of Selected Accounts at
 Burlington High School
 Burlington Community School District

Improper Disbursements from ASSIST's Account
 For the period July 1, 2004 through February 16, 2006

Check #	Check Date	Payee	Amount	Memo
615	06/18/03	^ Time Life Music	\$ 138.90	ASSIST music
616	06/27/03	^ Heather Mickey	347.84	ASSIST rebate
618	07/28/03	^ Cash	400.00	consession change
621	09/22/03	^ Wal-Mart	1.90	none
628	11/13/03	^ Wal-Mart	4.22	none
633	01/06/04	^ Wal-Mart	5.31	none
644	05/18/04	^ Teri Hummer	806.65	credit rebate
647	06/17/04	^ Cash	600.00	DVD purchase
649	07/13/04	Wal-Mart	74.67	none
651	08/02/04	Cash	600.00	Walmart BHS Equip
653	08/19/04	Cash	200.00	change for sale
676	03/17/05	Collector's Choice Music	186.80	ASSIST music
679	04/20/05	Mandi Kurth	143.29	none
680	05/02/05	Heartland Music	138.58	none
686	06/10/05	Linda Turril	952.74	ASSIST Refund
691	07/21/05	United States Mint	79.95	none
690	07/26/05	Heartland Music	72.82	none
692	08/03/05	Daedalus Music	49.81	none
693	08/10/05	The Danbury Mint	72.80	not legible
695	09/28/05	Nina'a Discount Oldies	28.95	none
707	12/23/05	Cash	200.00	none
709	01/19/06	Von Maur	215.18	none
712	01/30/06	Papa Murphy's Pizza	50.00	none
713	02/15/06	Papa Murphy's Pizza	50.00	not legible
		Total	<u>\$ 5,420.41</u>	


^ - We obtained the bank statements for the ASSIST account for the period June 3, 2003 through April 3, 2006.

Report on Special Investigation of Selected Accounts at
Burlington High School
Burlington Community School District

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Donna F. Kruger, CPA, Manager
Corrine M. Johnson, CPA, Senior Auditor


Tamera S. Kusian, CPA
Deputy Auditor of State