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NEWS RELEASE

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FOR RELEASE _____ October 1, 2008

Auditor of State David A. Vaudt today released a report on a special investigation of the West Marshall Community School District (District). The report covers the period January 1, 2001 through June 30, 2007. The special investigation was requested by the Division of Criminal Investigation as a result of concerns identified during their review of the "Report on Special Investigation of the West Marshall Community School District" issued by the District's CPA in November 2007.

Vaudt reported the special investigation identified \$84,340.77 of improper disbursements, including \$59,759.27 from the District's General checking account and \$24,581.50 from the checking account established for the District's Flexible Spending program. The improper disbursements were issued to Christine Davis and Donald Davis or electronically deposited to the Davis' personal bank accounts. Christine Davis is the District's former Secretary/Treasurer and Donald Davis is her former husband and a former District employee.

Vaudt reported the special investigation also identified a number of transfers from the District's General checking account to the account for the Flexible Spending program. The transfers total \$42,551.18 and it appears a number of the transfers were made in order to ensure sufficient funds were available in the checking account for the Flexible Spending program to offset a portion of the improper disbursements.

Vaudt also reported Ms. Davis made 3 deposits totaling \$9,900.00 to the Flexible Spending program's checking account. The funds deposited were drawn from personal accounts held by Ms. Davis or a close relative of Ms. Davis. She also provided a personal check for \$5,781.50 to

the District when the improper disbursements were identified, but the check has not been deposited by the District.

Because the necessary records were not available from the District, Vaudt reported it was not possible to determine if additional improper disbursements, transfers or deposits were made prior to July 1, 2001.

Vaudt reported the District's procedures allowed Ms. Davis to prepare, record and authorize disbursements. Ms. Davis also maintained the bank statements for all the District's accounts and prepared the bank reconciliations, which were not reviewed by an independent person. The report includes recommendations to strengthen the District's internal controls and overall operations, such as improvements to segregation of duties.

Copies of the report have been filed with the Division of Criminal Investigation, the Marshall 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 THE
WEST MARSHALL COMMUNITY SCHOOL DISTRICT

FOR THE PERIOD
JANUARY 1, 2001 THROUGH JUNE 30, 2007**

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Auditor of State's Report

To the Board of Education of the
West Marshall Community School District:

In November 2007, a report of a special investigation of the West Marshall Community School District was issued by Bruce D. Frink, the District's Certified Public Accountant (CPA). The report identified \$77,538.26 of improper disbursements. The CPA also reported the date of certain checks had been altered to allow for payment of payroll prior to the proper date.

As a result of the CPA's report, the Marshall County Attorney requested the Division of Criminal Investigation (DCI) open an investigation. During the DCI's investigation, certain concerns were identified with information presented in the CPA's report.

At the request of the DCI, we conducted a special investigation of the District. We have applied certain tests and procedures to selected financial transactions of the District for the period July 1, 2001 through June 30, 2007. We also performed certain procedures for the period January 1, 2001 through June 30, 2001. Because not all records were available, we were not able to perform all procedures for the entire period. Based on a review of relevant information and discussions with District personnel and a representative of the DCI, we performed the following procedures for the period July 1, 2001 through June 30, 2007, unless otherwise specified.

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Examined bank statements for the District's Flexible Spending checking account for the period January 1, 2001 through June 30, 2007 to identify any unusual activity. We also examined copies of certain redeemed checks and a deposit slip for propriety.
- (3) We examined bank statements for the District's General and Investment checking accounts for the period January 1, 2001 through June 30, 2007 to identify any unusual activity. We also examined copies of certain redeemed checks, deposit slips and related documents for propriety. Copies of redeemed checks, deposit slips and other documents were not available prior to July 1, 2001 and bank statements for the District's General and Investment checking accounts were not readily available prior to January 1, 2001.
- (4) Examined documentation obtained for certain disbursements from the District's checking accounts to determine if they were appropriate and were supported by adequate documentation.
- (5) Analyzed payroll disbursements to Christine Davis, the former District Secretary/Treasurer, and her former husband, Donald Davis, also a former District employee, to determine whether the appropriate number of payroll disbursements had been made and if the amounts were supported.

- (6) Obtained and reviewed bank statements from Mr. and Ms. Davis' joint checking account for the period July 1, 2001 through June 30, 2007 and Ms. Davis' personal checking account for the period September 2, 2004 through June 12, 2007 to identify the source of certain deposits.
- (7) Reviewed the workpapers prepared by and the report issued by the District's CPA to determine the circumstances surrounding the concerns identified regarding the information presented in the CPA's report.

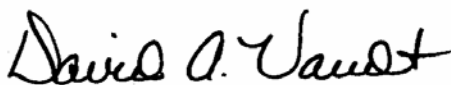
These procedures identified \$84,340.77 of improper disbursements. The procedures also identified a number of transfers from the District's General checking account to the account for the Flexible Spending program (Flex account). The transfers total \$42,551.18 and it appears a number of the transfers were made in order to ensure sufficient funds were in the account to allow the improper disbursements. In addition, \$9,900.00 of non-District funds were deposited to the District's Flex account.

It was not possible to determine if additional improper disbursements, transfers or deposits were made prior to July 1, 2001 because the necessary records were not available from the District. The investigation also identified several internal control weaknesses. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **E** of this report.

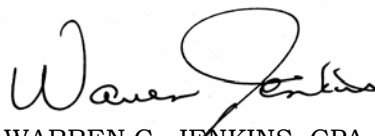
The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of the financial statements of the West Marshall Community School District, other 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 (DCI), the Marshall 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 officials and personnel of West Marshall Community School District and the DCI during the course of our investigation.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

September 4, 2008

West Marshall Community School District

Investigative Summary

Background Information

Christine Davis was appointed as the West Marshall Community School District's Secretary/Treasurer on October 7, 1985. The District's Secretary/Treasurer is also responsible for all of the Business Manager's job duties. As a result, Ms. Davis was responsible for all of the District's financial transactions and maintenance of the District's bank accounts. Specifically, Ms. Davis's duties included:

- Receipts – collecting taxes and miscellaneous revenues, posting to the accounting records and preparing deposits.
- Disbursements – preparing, signing and distributing checks and posting payments to the District's accounting system.
- Payroll – preparing, signing and distributing payroll checks, preparing and distributing electronic payments and posting payments to the District's accounting system.
- Bank accounts – reconciling monthly bank statements to accounting records.
- Reporting – preparing the monthly reports for the Board and annual reports to the Iowa Department of Education.

Payroll is disbursed to District employees twice each month, typically on or around the 10th and 25th of the month. District employees may choose to be paid by check or have their pay electronically deposited. Because no one else was involved in preparing payroll disbursements, Ms. Davis prepared her own payroll.

In addition to preparing her own payroll, Ms. Davis prepared payroll disbursements for her former husband, Donald Davis, while he was employed by the District. From August 11, 2000 to January 15, 2007, Mr. Davis was the School Liaison/At-Risk Instructor and the Middle School boys' basketball coach. During part of this time, Mr. and Ms. Davis shared a joint checking account. However, prior to his resignation in January 2007, their finances were separated.

Ms. Davis' responsibilities included administration of the District's Flexible Spending program. Qualifying District employees who choose to participate in the Flexible Spending program designate an annual amount to be withheld from their payroll on a pre-tax basis. Ms. Davis' was responsible for depositing the withholdings in the District's checking account maintained for the program (the Flex account) and reimbursing employees from the account after they had incurred a qualifying expense and requested a reimbursement. Ms. Davis did not participate in the District's Flexible Spending program.

In April 2007, a representative of the bank at which District accounts are held contacted the Superintendent to inform him of a \$3,250.00 check drawn on the District's Flex account. The check was prepared by Ms. Davis and written to herself. After discussions with bank representatives, the Superintendent contacted Bruce D. Frink, the District's Certified Public Accountant (CPA) regarding the concerns identified. Arrangements were made for the CPA to visit the District's Central Office on May 11, 2007 to address the concerns. Ms. Davis was made aware of the CPA's planned visit.

According to the Superintendent, Ms. Davis approached him on May 10, 2007 about irregularities in the District's General Fund. She shared with him she had been borrowing funds from District accounts for the past 5 years. She had written herself a third paycheck during certain months and recorded the payments as a District expense at the end of the year.

Ms. Davis resigned from her position as District Secretary/Treasurer on May 14, 2007.

The District's CPA performed an investigation and applied certain tests and procedures to selected financial transactions of the District for the period July 1, 2001 through June 30, 2007. In November 2007, the CPA issued a report dated September 22, 2007. The report stated the procedures performed identified \$77,538.26 of improper disbursements from the District's funds. The CPA also reported the date of certain checks had been altered to allow for payment of payroll prior to the proper date. A copy of the report was filed with the Marshall County Attorney, who requested the Division of Criminal Investigation's (DCI) assistance in determining what action, if any, should be pursued regarding the CPA's findings.

When the report was reviewed by the DCI agent assigned to the case, several concerns were raised regarding the content of the report. The concerns included, but were not limited to:

- Exhibit B, "Improper Checks Issued to Christine Davis – Payroll" included check number 3761 twice. As a result, the improper disbursements identified by the CPA in the Exhibit were overstated by \$1,351.40.
- Exhibit D, "Improper Checks Issued to Christine Davis – Accounts Payable" and Exhibit G, "Improper Checks Issued to Donald Davis – Accounts Payable" contained the same information. The checks listed in Exhibit G were reportedly issued to Donald Davis; however, they were actually issued to Christine Davis and should have been listed only in Exhibit D.
- When the DCI agent examined an image of a check listed in Exhibit B, the amount of the check listed in the report did not agree with the amount shown on the check.

As a result of these concerns, the DCI requested the Office of Auditor of State conduct a special investigation of the District's financial transactions. As a result of the request, the procedures detailed in the Auditor of State's Report were performed for the period January 1, 2001 through June 30, 2007.

Detailed Findings

The procedures performed by the Office of Auditor of State identified \$84,340.77 of improper disbursements. The procedures also identified a number of transfers from the District's General checking account to the checking account for the Flexible Spending program (Flex account). The transfers total \$44,801.18 and it appears a number of the transfers were made in order to ensure sufficient funds were in the Flex account to allow the improper disbursements. In addition, \$9,900.00 of non-District funds were deposited to the District's Flex account. It was not possible to determine if additional improper disbursements, transfers or deposits were made prior to July 1, 2001 because the necessary District records were not available.

The improper disbursements include \$59,759.27 from the District's General checking account and \$24,581.50 from the District's Flex account. Our findings are summarized in **Exhibit A** and a detailed explanation of each finding follows

Table 1 summarizes the amounts reported in the report issued by the District's CPA and the amounts we identified and included in **Exhibit A**. The procedures performed by the Office of Auditor of State also identified \$9,900.00 of reimbursements made by Ms. Davis to the District. In addition, Ms. Davis provided a \$5,781.50 personal check to the Superintendent as a reimbursement. However, the check has not been deposited or redeemed by the District. None of the reimbursements made to the District by Ms. Davis were included in the report issued by the District's CPA.

Table 1

Description	Amount	
	District's CPA	Office of Auditor of State
Improper disbursements from the General checking account:		
Issued to Christine Davis	\$ 44,537.21	\$ 46,826.21
Issued to Donald Davis	12,319.55	12,308.29
Excess FICA/IPERS payments	-	624.77
Subtotal	56,856.76	59,759.27
Improper disbursements from the Flex account:		
Issued to Christine Davis	20,181.50	24,081.50
Issued to Donald Davis	500.00	500.00
Subtotal	20,681.50	24,581.50
Total improper disbursements	\$ 77,538.26	84,340.77

IMPROPER DISBURSEMENTS

Disbursements to Christine Davis from the General Checking Account – Ms. Davis' annual salary was specified in the employment contract she signed each year. We reviewed Ms. Davis' employment contracts and determined she was also provided single and family medical coverage, dental coverage and a \$300.00 annual mileage stipend. In addition, Ms. Davis' employment contract provided the District would contribute \$2,000.00 each year to a self-directed tax sheltered annuity (TSA) established by Ms. Davis.

In addition to her duties as the Secretary/Treasurer and Business Manager, Ms. Davis was employed by the District as the Adult Education Coordinator during the period of our investigation. The agreement for Ms. Davis' supplemental pay for the Adult Education Coordinator's duties stated the supplemental pay would be incorporated with the regular semi-monthly payroll amounts. However, the District allowed Ms. Davis to receive the entire contract amount during July of each fiscal year.

As stated previously, Ms. Davis admitted to the Superintendent she had been borrowing funds from District accounts for several years. According to the Superintendent, she admitted she had written herself a third paycheck during certain months and recorded the payments as a District expense at the end of the year.

By reviewing images of the checks issued from the District's General checking account, District payroll information and Ms. Davis' personal bank accounts for the period July 1, 2001 through June 30, 2007, we identified a number of disbursements to Ms. Davis for the net amount of her pay and disbursements which totaled the net amount of her pay when added together. We also identified a limited number of mileage stipends paid to Ms. Davis and reimbursements for expenses she incurred on behalf of the District. By reviewing supporting documentation, we determined the stipend payments and reimbursements were appropriate.

Although complete records are not available for the period prior to July 1, 2001, we were able to review certain bank records for the period January 1, 2001 through June 30, 2001. Using the bank records available, we were able to determine the source of deposits made to Ms. Davis' personal bank account and identified additional disbursements from the District's General

checking account. The disbursements included payroll and reimbursements to Ms. Davis for medical expenses covered by the District's self insurance program. Documentation was not available from the District to support the reimbursements. However, according to District personnel we spoke with, Ms. Davis had a health condition during this period which had required a medical leave. Because the reimbursements appear reasonable, they have not been included in **Exhibit A**.

We identified 2 checks issued to Ms. Davis on June 24, 2005 for \$2,749.21 and \$26.72, respectively. The checks were not supported by appropriate documentation. Because the checks were not redeemed, they have not been included in **Exhibit B**.

We also identified a check included in the payroll register which was not redeemed. According to the payroll register, Ms. Davis issued check number 7936 on May 10, 2007 to herself for \$1,899.86. However, the check did not clear the District's bank account. It has not been included in **Exhibit B**.

Exhibit B lists each remaining disbursement issued to and redeemed by Ms. Davis during the period January 1, 2001 through June 30, 2007. Most of the disbursements listed in the **Exhibit** are similar in amount to Ms. Davis' authorized net pay and some appear to be what Ms. Davis described as additional payroll disbursements. During our review of the disbursements, we identified a number of concerns which included, but were not limited to, the following:

- We were not able to match checks issued to Ms. Davis to those recorded in the payroll register with certainty because the check numbers and dates did not always agree.
- Ms. Davis received a \$500.00 check in April 2001. Her next paycheck was issued for \$500.00 less than the authorized amount.

Ms. Davis received a \$300.00 check which cleared the bank on May 30, 2001. While the paychecks issued to Ms. Davis in June 2001 were not reduced for the \$300.00, it appears the checks issued to her for her July payroll were less than the amount authorized. According to the payroll register, Ms. Davis should have received net pay totaling \$4,310.91 in July 2001. However, check numbers 1250, 1251, 1253, 1255 and 1256 total only \$4,012.31. When this amount is added to the \$300.00 District check deposited by Ms. Davis on May 30, 2001, the total is within \$1.40 of Ms. Davis' authorized net salary for July 2001. However, Ms. Davis also received an additional \$1,351.40 check (the authorized net pay amount) dated July 19, 2001 but only 1 payment in September 2001.

- We identified several instances in which Ms. Davis issued checks to herself for twice her authorized net pay amount.
 - In October 2001, Ms. Davis received a check for twice her authorized net pay, but she did not receive an expected second payroll payment during the month.
 - During April and May 2003, Ms. Davis received checks for twice her authorized net pay. However, she also received additional checks for the proper amount of net pay during each month. During April she received 1 check for the authorized amount and in May she received 2 checks for the authorized amount. As a result, Ms. Davis received the equivalent of 7 paychecks during a period she should have received 4. She also received a \$250.00 check in April.
 - Ms. Davis received a check in July 2003 for her authorized net pay plus the net amount of her authorized pay for the Adult Education Coordinator duties. In addition, she received a check for twice her authorized net pay, another check for her authorized net pay and 2 additional checks which totaled \$850.00.

- At the end of December 2001, Ms. Davis issued 2 checks to herself which totaled the authorized net amount of pay for 1 pay period even though she had already received 2 paychecks that month.
- Based on the dates shown on the checks, the checks were not issued in sequential order. We are unable to determine if the dates shown on the checks are the actual dates the checks were written; however, we identified 23 checks which cleared the bank prior to the date shown on the front of the check.
- During months when Ms. Davis received only 2 checks for the net amount of her authorized payroll, the checks were not consistently prepared on or near the District's normal payroll dates.
- Of the disbursements identified, 11 were electronically deposited to Ms. Davis' personal bank account. The remaining disbursements were made by check. The **Exhibit** illustrates Ms. Davis sporadically deposited her paycheck electronically. The only 2 consecutive payments electronically deposited to Ms. Davis' account occurred in December 2002. Typically, employees do not frequently switch payment methods back and forth between electronic deposits and checks.
- By reviewing images of the checks issued to Ms. Davis, we determined many were typed rather than being prepared using the District's printer as was typically done.

Because a number of the disbursements to Ms. Davis were for the net amount of her authorized semi-monthly payroll amounts, we are unable to determine with certainty which checks were Ms. Davis' authorized payroll. As a result, we compared the amount paid to Ms. Davis to the amount she was authorized to receive for the period January 1, 2001 through June 30, 2007.

To determine Ms. Davis' authorized net pay, we reviewed the District's payroll register to identify the amount of payroll taxes and other deductions Ms. Davis withheld from her gross pay. The payroll register included only the 2 authorized payroll disbursements each month for Ms. Davis. **Table 2** compares Ms. Davis' authorized net pay to the amounts actually redeemed by her by fiscal year.

Table 2

Fiscal Year	Contract Amount[^]	Authorized Net Pay[#]	Actual Disbursements	Overpayment/ (Underpayment)
2001**	\$ 40,752.00	15,507.48	15,807.48	300.00
2002	42,414.00	34,041.63	33,744.11	(297.52)
2003	43,474.00	34,981.10	42,887.88	7,906.78
2004	45,283.67	36,585.37	41,666.47	5,081.10
2005	46,938.60	37,849.83	50,814.23	12,964.40
2006	50,096.07	39,610.40	49,108.12	9,497.72
2007*	48,424.94	38,202.92	49,576.65	11,373.73
Total	\$ 234,217.28	236,778.73	283,604.94	46,826.21

[^] - Includes Ms. Davis' pay for her duties as Secretary/Treasurer and Adult Education Coordinator, but excludes the District's TSA contributions and mileage stipends.

[#] - Calculated using information from the payroll register.

** - For the period January 1, 2001 through June 30, 2001.

* - Adjusted for Ms. Davis' resignation date of May 14, 2007.

As illustrated by the **Table**, Ms. Davis improperly received \$46,826.21 more than authorized between January 1, 2001 and June 30, 2007. This amount is included in **Exhibit A**. Copies of certain checks issued to Ms. Davis are included in **Appendix 1**.

As stated previously, it was not possible to determine if additional improper disbursements were made prior to January 1, 2001 because the necessary records were not available. Because the records prior to January 1, 2001 are not available and the irregularities we have identified during fiscal year 2001, we have no assurances **Table 2** includes all unauthorized disbursements from the General checking account to Ms. Davis.

Disbursements to Donald Davis from the General Checking Account – As previously stated, Ms. Davis' former husband, Donald Davis, was employed by the District from August 11, 2000 to January 15, 2007. According to District staff we spoke with, Mr. and Ms. Davis separated in 2003 and divorced in 2005.

Because Ms. Davis was responsible for preparing Mr. Davis' payroll disbursements, we reviewed all disbursements to Mr. Davis to determine if he received any improper payments. By reviewing images of the checks issued from the District's General checking account, District payroll information and Mr. and Ms. Davis' joint bank account for the period July 1, 2001 through June 30, 2007, we identified a number of disbursements to Mr. Davis. We also identified a limited number of reimbursements for expenses he incurred on behalf of the District. By reviewing supporting documentation, we determined the reimbursements were appropriate.

Although complete records are not available for the period prior to July 1, 2001, we were able to review certain bank records for the period January 1, 2001 through June 30, 2001. Using the bank records available, we were able to determine the source of deposits made to Mr. and Ms. Davis' joint bank account and identified additional disbursements from the District's General checking account for payroll.

Exhibit C lists each remaining disbursement issued in Mr. Davis' name during the period January 1, 2001 through June 30, 2007. During our review of the disbursements, we identified a number of concerns which included, but were not limited to, the following:

- The disbursements for Mr. Davis during several months were for twice his authorized net pay; however, additional payments were not made during the month.
- Based on the dates shown on the checks, not all checks were issued in sequential order. We are unable to determine if the dates shown on the checks are the actual dates the checks were written; however, we identified 12 checks which cleared the bank prior to the date shown on the front of the check.
- During months when 2 disbursements for the net amount of his authorized payroll were prepared for Mr. Davis, the disbursements were not consistently prepared on or near the District's normal payroll dates.
- By reviewing images of the checks issued to Mr. Davis, we determined many were typed rather than being prepared using the District's printer as was typically done.

We also reviewed the endorsements on the checks to Mr. Davis when possible. Based on our review, it does not appear all the endorsements are similar. Some of the checks appear to have been endorsed by someone other than Mr. Davis.

Because a number of the disbursements to Mr. Davis were for the net amount of his authorized semi-monthly payroll amounts, we are unable to consistently determine with certainty which checks were Mr. Davis' authorized payroll. As a result, we compared the amount issued for Mr. Davis to the amount he was authorized to receive.

We reviewed Mr. Davis' annual employment contracts and extracurricular contracts with the District which specified his annual authorized salary. To determine Mr. Davis' authorized net pay, we reviewed the District's payroll register to identify the amount of payroll taxes and other deductions withheld from his gross pay. **Table 3** compares Mr. Davis' authorized net pay to the amounts actually issued to him by fiscal year.

Table 3

Fiscal Year	Contract Amount[^]	Authorized Net Pay[#]	Actual Disbursements	Overpayment/ (Underpayment)
2001 ^{**}	\$ 13,562.00	6,655.80	6,655.80	-
2002	15,900.00	12,216.85	13,490.48	1,273.63
2003	13,096.00	10,363.81	12,751.49	2,387.68
2004	26,156.00	21,542.20	23,472.60	1,930.40
2005	27,071.46	18,085.04	24,279.30	6,194.26
2006	28,154.32	16,979.30	17,836.49	857.19
2007 [*]	13,845.26	8,288.67	7,953.80	(334.87)
Total	\$124,223.04	87,475.87	99,784.16	12,308.29

[^] - Includes both Mr. Davis' employment and extracurricular contracts.

[#] - Calculated using information from the payroll register.

^{**} - For the period January 1, 2001 through June 30, 2001.

^{*} - Contract amount was adjusted for Mr. Davis' resignation date of January 15, 2007.

As illustrated by the **Table**, the checks issued to Mr. Davis during fiscal year 2007 were \$334.87 less than authorized. The amounts of 1 check issued to Mr. Davis in October and all checks issued to him in November through January were less than the amount he should have received. We are unable to determine why Ms. Davis did not prepare Mr. Davis' paychecks for the proper amount.

Also, as illustrated by the **Table**, the checks issued to Mr. Davis totaled \$12,308.29 more than authorized for the period January 1, 2001 through June 30, 2007. We discussed the additional payments with District personnel, but they were not able to locate any authorization for the additional payments. This amount is included in **Exhibit A**. Copies of certain checks issued to Mr. Davis are included in **Appendix 2**.

Of the \$12,308.29 improperly issued to Mr. Davis, \$4,662.42 was included in the payroll register as additional pay. Because the \$4,662.42 was included in the payroll register, the District incurred additional FICA and IPERS contributions. **Table 4** shows the calculation of the additional FICA and IPERS incurred by the District. The additional \$624.77 has been included in **Exhibit A**.

Table 4

Date	Check Number per Register	Check Number per Check*	Gross Unauthorized Amount	District's Share of		Total
				FICA (7.65%)	IPERS (5.75%)	
02/25/02	13656	3656	\$ 180.00	13.77	10.35	24.12
03/08/02	13707	3707	93.75	7.17	5.39	12.56
03/25/02	13765	3765	492.50	37.68	28.32	66.00
04/10/02	13816	^	281.25	21.52	16.17	37.69
04/25/02	13874	^	93.75	7.17	5.39	12.56
10/10/02	114424	4424	420.00	32.13	24.15	56.28
10/25/02	14692	ED/14692	363.75	27.83	20.92	48.75
11/07/02	14793	ED/14793	307.50	23.52	17.68	41.20
11/25/02	114586	4580	262.50	20.08	15.09	35.17
12/10/02	114633	4633	210.00	16.07	12.08	28.15
06/10/03	115395	^	1,000.00	76.50	57.50	134.00
03/25/04	1116323	^	150.00	11.48	8.63	20.11
04/08/04	1113929	ED/1113929	200.00	15.30	11.50	26.80
04/23/04	116422	#	200.00	15.30	11.50	26.80
05/10/04	1114141	ED/1114141	40.00	3.06	2.30	5.36
05/25/04	116521	^	120.00	9.18	6.90	16.08
01/25/07	1117616	^	247.42	18.93	14.23	33.16
Total			\$ 4,662.42	356.68	268.09	624.77

* - ED indicates electronic deposit. The check numbers shown for the electronic deposits are per the District's payroll register.

- Not identifiable to a specific check.

^ - The check numbers per the register did not agree with the actual checks issued.

All checks, including payroll checks, written from the District's General checking account require dual signatures. Because Ms. Davis controlled the Board President's signature stamp, she was able to prepare and sign all checks. In addition, because there was not an independent review of the payroll checks, bank statements or bank reconciliations, the improper disbursements to Mr. and Ms. Davis were not identified in a timely manner.

Disbursements to Christine Davis from the Flex Account – As stated previously, Ms. Davis' responsibilities included administration of the District's Flexible Spending program. Qualifying District employees who chose to participate in the Flexible Spending program designate an annual amount to be withheld from their payroll on a pre-tax basis. Ms. Davis' responsibilities included:

- Receiving, approving and filing annual enrollment forms submitted by District employees.
- Withholding contributions from the participating employees' gross payroll.
- Transferring withholdings from the District's General checking account to the Flex account, a checking account maintained for the Flexible Spending program.
- Maintaining a manual ledger of contributions and reimbursements by participant.
- Preparing and signing all reimbursement checks from the Flex account after receiving and reviewing supporting documentation and reimbursement requests from participants.
- Receiving and reconciling the bank statements for the Flex account.

Any unused funds remaining in the participant's account at the end of each calendar year are returned to the District's General Fund for use by the District. Unlike the checks issued from the General checking account, the checks from the Flex account did not require dual signatures. Ms. Davis was the only individual who signed checks from the account. She documented the checking account's activity in a manual ledger. The transactions were not recorded in the District's computerized accounting system. According to the Superintendent, there was not an independent review of the Flex account's transactions or bank statements.

We reviewed images of all checks issued from the Flex account for the period January 1, 2001 through June 30, 2007 and identified 38 checks issued to Ms. Davis. However, based on documentation we reviewed at the District, Ms. Davis did not participate in the District's Flexible Spending program during the years in which the checks were issued. Specifically, we were unable to locate an enrollment form for Ms. Davis and we did not identify any deductions from Ms. Davis' gross pay recorded in the payroll register. In addition, according to the Superintendent, Ms. Davis had not participated in the Flexible Spending program since 2000.

The 38 checks identified total \$24,081.50 and are listed in **Exhibit D**. The total has also been included in **Exhibit A**. Copies of certain improper checks issued to Ms. Davis from the Flex account are included in **Appendix 3**. The improper disbursements are summarized in **Table 5** by fiscal year.

Table 5		
Fiscal Year		Amount
2001	**	\$ 2,250.00
2002		4,425.00
2003		3,625.00
2004		1,650.00
2005		5,856.50
2006		1,675.00
2007		4,600.00
Total		\$ 24,081.50

** - For the period January 1, 2001 through June 30, 2001.

As illustrated by **Exhibit D**, the first improper check identified from the Flex account was dated and cleared the bank on May 15, 2001. As stated previously, because District records prior to July 1, 2001 and bank statements prior to January 1, 2001 are not available, we were unable to determine if additional improper disbursements were made from the Flex account. As a result, we have no assurance the \$24,081.50 of improper disbursements identified are all the improper disbursements from the Flex account.

Also as illustrated by the **Exhibit**, check number 2047 was issued to Ms. Davis from the Flex account for \$3,250.00 on April 11, 2007. However, the check was deposited to the Flex account (the same account it was written from) on the same day. On April 12, 2007, Ms. Davis prepared a deposit slip which transferred \$3,250.00 from the Flex account to her personal bank account. A copy of the deposit slip is included in **Appendix 4**.

According to the Superintendent, Ms. Davis told him she “was using her \$2,000.00 TSA to fund her withdrawals from the Flex account.” As stated previously, Ms. Davis’ employment contract provided the District would contribute a set amount each year to a self-directed TSA. Ms. Davis’ employment contracts provided for a \$1,000.00 contribution during fiscal year 2002 and a \$2,000.00 contribution during fiscal years 2003 through 2007. The TSA is a supplemental retirement savings program authorized by section 403(b) of the Internal Revenue Code (IRC). The Flexible Spending program is allowable under section 125 of the IRC. The IRC does not allow the employer’s share of contributions for a TSA to be deposited into a Flexible Spending account for a participant.

Based on our review of the District’s disbursements and a TSA statement found at the District, Ms. Davis issued a \$1,000.00 check during fiscal year 2002 to a company which held a TSA account in her name. We also reviewed \$2,000.00 checks during fiscal years 2003 through 2005 to the same company. We did not find disbursements to the company during fiscal years 2006 and 2007. According to Ms. Davis’ contract, the TSA contribution was to be made “by request of the employee.” Ms. Davis did not request or make a contribution to the TSA account.

Disbursement to Donald Davis from the Flex Account – We reviewed images of all checks issued from the Flex account for the period January 1, 2001 through June 30, 2007 and identified a check to Mr. Davis in 2002. However, based on documentation we reviewed at the District, Mr. Davis did not participate in the District’s Flexible Spending program during 2002. Specifically, we were unable to locate an enrollment form for Mr. Davis prior to 2006 and we did not identify any deductions from Mr. Davis’ gross pay recorded in the payroll register until he chose to participate in the program in 2006. In addition, Ms. Davis had not included Mr. Davis in her manual ledger of Flexible Spending program participants until 2006.

As illustrated by **Table 6**, the check identified totals \$500.00. This amount has also been included in **Exhibit A**.

Table 6			
Check Date	Date Cleared	Check Number	Amount
11/20/02	11/20/02	1333	\$ 500.00

DEPOSITS TO THE FLEX ACCOUNT

As previously stated, all funds withheld from the participants’ gross pay for the Flexible Spending program were to be transferred to the Flex account after each pay period. Typically, Ms. Davis prepared a check from the General checking account to move the withholdings. We reviewed the financial transactions between the General checking account and the Flex account to determine if they appeared appropriate.

Checks Deposited to the General Checking Account - We identified 5 checks issued to the Flex account from the General checking account which were subsequently deposited to the General checking account. It is unclear why Ms. Davis issued checks from the General checking account to the Flex account only to subsequently deposit them in the account they were written from. The checks identified are listed in **Table 7**.

Table 7

Issued from the General Checking Account			Deposited to the General Checking Account	
Check Date	Check Number	Amount	Amount Deposited	Date*
02/10/04	6215	\$ 2,064.05		
02/25/04	6260	2,064.05	4,128.10	02/19/04
06/09/06	8984	2,118.12		
06/13/06	7035	1,821.54	3,939.66	06/07/06
3/23/07	7835	2,157.59	2,157.59	03/23/07
	Total	\$ 10,225.35	10,225.35	

* - Date posted to account by bank.

As illustrated by the **Table**, \$3,939.66 was deposited to the General checking account on June 7, 2006 which is 2 days and 6 days before the date shown on checks 8984 and 7035, respectively. Also, the checks would not have been issued sequentially if the dates were accurate. We are unable to determine with certainty which check was issued first.

Transfers from the General Checking Account to the Flex Account - During our review of the deposits to the Flex account, we identified several transfers from the General checking account to the Flex account. The transfers total \$42,551.18 and are listed in **Exhibit E**. Most of the transfers were not associated with specific amounts withheld from participants' pay during a particular pay period. Rather, it appears the transfers were made to ensure sufficient funds were available in the Flex account to offset a portion of the improper disbursements from the account. As illustrated by the **Exhibit**, most of the transfers were for even dollar amounts, such as \$500.00, \$1,000.00 or \$3,000.00. The **Exhibit** also shows the balance in the Flex account at the time of each transfer.

As illustrated by the **Exhibit**, Ms. Davis transferred \$3,939.66 from the General checking account to the Flex account on July 3, 2006. As illustrated by **Table 7**, this is the sum of check numbers 8984 and 7035 which were prepared by Ms. Davis in June and subsequently deposited back in the General checking account.

Reimbursements by Christine Davis - We identified several deposits to the Flex account which were not from the District's General checking account. The deposits are listed in **Table 8**.

Table 8

Deposit Date	Amount	
	From District's Investment Fund	Not from District Funds
02/14/01	\$ -	1,300.00
07/31/03	750.00	-
09/25/03	-	5,350.00
07/29/05	2,500.00	-
04/30/07	-	3,250.00
Total	\$ 3,250.00	9,900.00

In addition to the General checking and Flex accounts, the District maintains a bank account called the "Investment Fund." The bank account is a NOW account and earns a higher rate of interest than a typical checking account. The account is used as a holding account by the District for funds not immediately needed for operating expenses. Funds are transferred from the account to the General checking account as needed. The transfers are infrequent and usually of a sizable amount. We determined the following for the 2 transfers identified from the Investment Fund to the Flex account.

- Bank representatives were unable to determine who authorized the \$750.00 transfer on July 3, 2003. However, according to the Superintendent, Ms. Davis was the only individual authorized to make transfers between the accounts.
- The \$2,500.00 transfer on July 29, 2005 was a portion of an \$8,500.00 transfer made from the Investment Fund. The remaining \$6,000.00 was deposited to the General checking account. The \$6,000.00 transfer was appropriate.

According to the deposit slip obtained from the bank for the \$1,300.00 deposit made on February 14, 2001, the deposit was from "Davis." A copy of the deposit slip is included in **Appendix 5**. According to a bank representative we spoke with, a \$1,300.00 deposit was made to Ms. Davis' personal account on December 20, 2000. The deposit was proceeds from a loan. A copy of the deposit slip is included in **Appendix 5**.

The deposit to the Flex account on September 25, 2003 included a \$5,350.00 check drawn on Ms. Davis' personal bank account. A copy of the deposit slip and related check are included in **Appendix 5**. As illustrated by **Exhibit D** and **Table 5**, Ms. Davis improperly issued checks to herself from the Flex account totaling \$4,425.00 during fiscal year 2002 and \$3,625.00 during fiscal year 2003. In addition, she issued a check for \$750.00 during fiscal year 2004 prior to September 25, 2003. It appears the \$5,350.00 check from her personal account may have been a partial repayment for checks previously issued improperly. The repayment has been included in **Exhibit A**.

The \$3,250.00 deposit to the Flex account on April 30, 2007 was made after the bank notified the Superintendent of the \$3,250.00 check Ms. Davis issued to herself from the Flex account. The deposit was a transfer made from a personal savings account held at the same bank which held the District's accounts. According to a bank representative we spoke with, the account belongs to a close relative of Ms. Davis. Because the District was reimbursed for the \$3,250.00, this amount has been included on **Exhibit A**. Copies of the deposit slip and savings account withdrawal document are also included in **Appendix 5**.

In addition, Ms. Davis provided a \$5,781.50 check to the Superintendent in May 2007. According to the Superintendent, the check has not yet been deposited. A copy of the check has been included in **Appendix 6**.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the West Marshall Community School District to perform bank reconciliations and process receipts, disbursements and payroll. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the 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 District Secretary/Treasurer had control over each of the following areas at one time.

- (1) Disbursements – check preparation, signing and distribution.
- (2) Payroll – check preparation, signing and distribution.
- (3) Financial Reporting – bank reconciliation and financial statement preparation.

In addition, the Secretary/Treasurer controlled the Board President's signature stamp and no one independent of the District's financial operations reviewed bank reconciliations, payroll registers or support for disbursements from the Flex account.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the duties within the functions listed above should be segregated. In addition, an independent person should review financial records and perform reconciliations. Also, an independent person should maintain custody of the Board President's signature stamp.

In addition, bank statements should be delivered to and reviewed by an official who does not collect or disburse District funds. Bank reconciliations should be performed on a monthly basis.

- B. Policy and Procedures Manual – The District does not have written policies and procedures addressing the duties performed by the Secretary/Treasurer, including payroll, depositing or receipting of funds and disbursements.

Recommendation – Written policies and procedures should be developed to provide the following benefits:

- (1) Aid in training additional or replacement personnel.
- (2) Help achieve uniformity in accounting and in the application of policies and procedures.
- (3) Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

- C. Financial Accounting Records – During our review of the District's financial transactions, accounting system and certain records, we determined:

- The check numbers and information recorded in the District's financial accounting system did not agree to the actual checks written. In some cases, the check shown in the accounting system for payroll was not redeemed at the bank. In other cases, the checks issued were not recorded in the accounting system.
- An independent review was not performed of activity in the Flex account to determine if the withholdings from the employees' payroll agreed with the amounts authorized as documented in the participant's enrollment forms. In addition, no one reviewed the activity to ensure the withholdings were properly transferred from the General checking account to the Flex account and if the disbursements from the Flex account were properly supported.

- The checks written from the Flex account did not require dual signatures and they were not approved by the Board at its monthly meetings.
- We identified postings in the accounting system which were not made in a timely manner and some entries were not correct.

Recommendation – All disbursements should be properly recorded in the accounting system and supported by invoices or other appropriate documentation. In addition, all disbursements should be approved prior to payment and documented in the minutes. All checks should be signed by the Secretary/Treasurer and subsequently reviewed and countersigned by a designated Board member or someone independent of the preparation of the disbursements. The review should include comparing invoices and supporting documentation to the checks.

In addition, the District should establish formal accounting records to properly account for the District's receipts and disbursements.

Exhibits

**Report on Special Investigation of the
West Marshall Community School District**

Report on Special Investigation of the
West Marshall Community School District

Summary of Findings
For the period January 1, 2001 through June 30, 2007

Description	Exhibit/Table	Amount
Improper Disbursements:		
From the General Checking Account:		
To Christine Davis	Table 2	\$ 46,826.21
To Donald Davis	Table 3	12,308.29
District's share of payroll taxes	Table 4	<u>624.77</u> \$ 59,759.27
From the Flex Account:		
To Christine Davis	Exhibit D	24,081.50
To Donald Davis	Table 6	<u>500.00</u> 24,581.50
Total improper disbursements		84,340.77
Reimbursements by Christine Davis*	Table 8	<u>(9,900.00)</u>
Net amount		<u><u>\$ 74,440.77</u></u>

* - Christine Davis provided a \$5,781.50 personal check payable to the West Marshall Flex Account to the Superintendant in May 2007. The check has not been deposited by the District. As a result, the \$5,781.50 has not been included in the amount of reimbursements shown above.

**Report on Special Investigation of the
West Marshall Community School District**

Report on Special Investigation of the
West Marshall Community School District

Disbursements to Christine Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

Per Check/Bank Statement			
Check Date	Date Cleared	Check Number	Amount
NA	01/09/01	NA	\$ 1,292.29
NA	01/18/01	NA	1,292.29
NA	02/01/01	NA	1,292.29
NA	02/12/01	NA	1,292.29
NA	03/09/01	NA	1,292.29
NA	03/23/01	NA	1,292.29
NA	04/05/01	NA	1,292.29
NA	04/10/01	NA	500.00
NA	04/24/01	NA	792.29
NA	05/02/01	NA	1,292.29
NA	05/09/01	NA	1,292.29
NA	05/30/01	NA	300.00
NA	06/05/01	NA	1,292.29
NA	06/08/01	NA	1,292.29
Subtotal for FY01**			15,807.48
07/03/01	07/03/01	1256	1,300.00 ^
07/09/01	07/09/01	1253	1,300.00 ^
07/10/01	07/09/01	1255	9.51 ^
07/19/01	07/19/01	3014	1,351.40
07/31/01	07/31/01	1251	1,000.00 ^
08/06/01	08/06/01	1250	402.80 ^
08/08/01	08/08/01	1249	1,351.40
08/16/01	08/16/01	1245	1,351.40
09/25/01	09/25/01	3171	1,351.40
10/02/01	10/02/01	3172	2,702.80
11/08/01	11/07/01	3276	1,351.40
11/21/01	11/20/01	3335	1,351.40
12/04/01	12/04/01	3379	1,351.40
12/10/01	12/10/01	3383	1,351.40
12/27/01	12/27/01	3484	750.00

Exhibit B

Report on Special Investigation of the
West Marshall Community School District

Disbursements to Christine Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

Per Check/Bank Statement			
Check Date	Date Cleared	Check Number	Amount
12/31/01	12/31/01	3488	602.40
01/07/02	01/07/02	3490	1,351.40
02/08/02	02/11/02	3598	1,351.40
02/25/02	02/25/02	3655	1,351.40
03/08/02	03/06/02	3706	1,351.40
03/10/02	03/11/02	3761	1,350.40
04/01/02	04/01/02	3808	1,352.40
04/10/02	04/09/02	3815	1,351.40
05/01/02	05/01/02	3922	1,351.40
05/10/02	05/10/02	3930	1,351.40
06/06/02	06/06/02	4101	1,351.40
06/10/02	06/10/02	4044	1,351.40
Subtotal for FY02			33,744.11
07/01/02	07/01/02	4244	\$ 1,500.00 ^^
07/03/02	07/03/02	4261	1,536.89 ^^
07/09/02	07/09/02	4262	1,388.90
07/25/02	07/16/02	4264	1,388.88
08/01/02	08/01/02	4275	1,388.88
08/09/02	08/06/02	4277	1,388.88
09/03/02	09/03/02	4313	1,388.88
09/10/02	09/10/02	4316	1,388.88
10/01/02	10/01/02	4417	1,388.88
11/05/02	11/05/02	4526	1,388.88
11/12/02	11/12/02	4579	1,388.88
12/02/02	12/02/02	4627	1,388.88
12/10/02	12/10/02	ED/14996	1,388.88
12/20/02	12/20/02	ED/15101	1,388.88
01/06/03	01/06/03	4730	1,388.88
01/10/03	01/10/03	ED/15203	1,388.88
02/03/03	02/03/03	4835	1,388.88
02/10/03	02/10/03	ED/15410	1,388.88
03/10/03	03/06/03	4944	1,388.88

Report on Special Investigation of the
West Marshall Community School District

Disbursements to Christine Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

Per Check/Bank Statement			
Check Date	Date Cleared	Check Number	Amount
03/10/03	03/10/03	4997	1,388.88
04/01/03	04/01/03	5046	2,777.76
04/10/03	04/10/03	5047	1,388.88
04/30/03	04/30/03	5051	250.00
05/01/03	05/01/03	5053	1,138.88
05/09/03	05/12/03	5287	1,388.88
05/29/03	05/29/03	5161	2,777.76
06/04/03	06/04/03	5165	1,666.24
06/10/03	06/10/03	5453	1,388.85
06/18/03	06/18/03	29739	685.00
06/24/03	06/24/03	5057	1,388.88
Subtotal for FY03			42,887.88
07/01/03	07/01/03	5599	2,777.76
07/07/03	07/07/03	5601	3,159.01 *
07/14/03	07/14/03	5063	1,453.34
07/18/03	07/18/03	29778	498.50
07/28/03	07/28/03	6205	351.50
08/01/03	08/01/03	5071	1,453.32
08/06/03	08/06/03	5629	1,453.32
09/02/03	09/02/03	5077	1,453.32
09/10/03	09/10/03	5668	1,453.32
10/10/03	10/14/03	5079	1,453.32
10/10/03	10/10/03	5763	1,453.32
11/03/03	11/03/03	5859	1,453.32
11/10/03	11/10/03	ED/1112865	1,453.32
12/10/03	12/09/03	5963	1,453.32
12/16/03	12/16/03	5087	1,453.32
01/02/04	01/02/04	5089	1,453.32
01/09/04	01/09/04	ED/1113292	1,453.32
02/02/04	02/02/04	5093	1,453.32
02/10/04	02/10/04	ED/1113504	1,453.32

Exhibit B

Report on Special Investigation of the
West Marshall Community School District

Disbursements to Christine Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

Per Check/Bank Statement			
Check Date	Date Cleared	Check Number	Amount
03/01/04	03/01/04	5101	1,453.32
03/10/04	03/10/04	ED/1113717	1,453.32
04/01/04	04/01/04	5109	1,453.32
04/08/04	04/08/04	ED/1113928	1,453.32
05/03/04	05/03/04	5115	1,453.32
05/10/04	05/10/04	ED/1114140	1,453.32
06/01/04	06/01/04	5127	1,453.32
06/10/04	06/10/04	ED/1114352	1,453.32
06/15/04	06/17/04	6620	1,453.32
Subtotal for FY04			41,666.47
07/01/04	07/01/04	5141	1,453.32
07/06/04	07/06/04	5143	1,000.00 ^^
07/08/04	07/08/04	5149	2,277.35 ^^
07/09/04	07/12/04	5153	1,453.32
07/23/04	07/23/04	6794	1,511.97
08/02/04	08/02/04	6806	1,511.97
08/10/04	08/09/04	6807	1,511.97
08/12/04	08/13/04	5083	1,025.00
08/25/04	08/26/04	6825	1,511.97
09/10/04	09/08/04	6844	1,511.97
09/10/04	09/16/04	6893	1,511.97
10/04/04	10/04/04	6943	1,511.97
10/08/04	10/19/04	6947	1,511.97
10/25/04	10/25/04	7006	1,511.97
11/02/04	11/02/04	7053	1,511.97
11/04/04	11/09/04	7054	1,511.97
11/29/04	11/29/04	7161	1,511.97
12/02/04	12/02/04	7162	1,511.97
12/10/04	12/10/04	7200	1,511.97
12/20/04	12/20/04	7256	1,511.97
01/03/05	01/03/05	7191	1,511.97
01/10/05	01/12/05	7301	1,511.97

Report on Special Investigation of the
West Marshall Community School District

Disbursements to Christine Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

Per Check/Bank Statement			
Check Date	Date Cleared	Check Number	Amount
02/10/05	02/07/05	7397	1,491.97
02/15/05	02/15/05	7453	1,491.97
03/04/05	03/04/05	7500	1,491.97
03/10/05	03/10/05	7186	1,491.97
03/24/05	03/29/05	7557	1,491.97
04/05/05	04/05/05	7596	1,491.97
04/13/05	04/13/05	7656	1,491.97
05/02/05	05/02/05	7184	1,491.97
05/10/05	05/09/05	7708	1,491.50
06/01/05	06/01/05	7182	1,491.50
06/10/05	06/08/05	7812	1,491.50
06/22/05	06/22/05	7866	1,491.49
Subtotal for FY05			50,814.23
07/01/05	07/01/05	7179	1,491.50 ^^
07/08/05	07/07/05	8009	1,604.26
07/20/05	07/20/05	8032	1,948.76 ^^
08/02/05	08/02/05	8033	1,604.26
08/05/05	08/05/05	8034	1,604.26
09/09/05	09/09/05	8067	1,604.26
09/20/05	09/20/05	7172	1,604.26
09/23/05	09/26/05	7166	1,604.26
10/05/05	10/05/05	8147	1,604.26
10/25/05	10/24/05	8211	1,626.42
11/01/05	11/01/05	8249	1,626.42
11/07/05	11/07/05	8258	1,604.26
11/22/05	11/28/05	8317	1,604.26
12/06/05	12/06/05	8355	1,604.26
12/09/05	12/08/05	8367	1,604.26
12/22/05	12/28/05	8434	1,604.26
01/03/06	01/03/06	8356	1,604.26
01/10/06	01/10/06	8477	1,604.26
01/25/06	01/27/06	8524	1,604.26

Exhibit B

Report on Special Investigation of the
West Marshall Community School District

Disbursements to Christine Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

Per Check/Bank Statement			
Check Date	Date Cleared	Check Number	Amount
02/06/06	02/06/06	8426	1,529.26
02/10/06	02/10/06	8565	1,529.26
02/24/06	03/01/06	8615	1,529.26
03/10/06	03/10/06	8655	1,529.26
04/03/06	04/03/06	8422	1,529.26
04/10/06	04/18/06	8748	1,529.26
05/03/06	05/03/06	8414	1,529.26
05/04/06	05/04/06	8841	1,529.26
05/22/06	05/22/06	8894	1,529.26
06/01/06	06/01/06	8417	1,529.26
06/07/06	06/07/06	8936	1,529.26
06/23/06	07/11/06	7002	1,529.26
Subtotal for FY06			49,108.12
07/01/06	07/05/06	7141	1,621.61
07/06/06	07/06/06	8999	1,621.61
07/25/06	07/18/06	7159	3,512.69 *
08/10/06	08/04/06	7173	1,621.61
08/22/06	08/22/06	8993	1,621.61
08/25/06	08/15/06	7188	1,621.61
09/05/06	09/05/06	8991	1,621.61
09/08/06	09/11/06	7208	1,621.61
09/20/06	09/20/06	7253	1,621.61
10/03/06	10/03/06	8986	1,621.61
10/10/06	10/11/06	7291	1,621.61
10/25/06	10/30/06	7341	1,621.61
11/03/06	11/03/06	7374	1,621.61
11/10/06	11/14/06	7381	1,621.61
12/01/06	12/01/06	7466	1,621.61
12/05/06	12/05/06	7467	1,621.61
12/08/06	12/15/06	7473	1,621.61
12/22/06	01/02/07	7523	1,621.61
01/03/07	01/03/07	7559	1,621.61

Report on Special Investigation of the
West Marshall Community School District

Disbursements to Christine Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

Per Check/Bank Statement			
Check Date	Date Cleared	Check Number	Amount
01/25/07	01/25/07	7615	1,621.61
02/01/07	02/01/07	7648	1,621.61
02/23/07	02/26/07	7708	1,899.86
03/09/07	03/07/07	7751	1,899.86
03/13/07	03/13/07	7799	1,899.86
03/23/07	03/26/07	7804	1,899.86
04/03/07	04/03/07	7836	1,899.86
04/10/07	04/09/07	7842	1,899.86
04/25/07	04/24/07	7897	1,899.86
05/25/07	06/08/07	7995	332.74 #
Subtotal for FY07			49,576.65
Total			<u>\$ 283,604.94</u>

NA - Not available.

** - For the period January 1, 2001 through June 30, 2001.

^ - The sum of these checks is \$298.60 less than Ms. Davis' authorized pay for all of July 2001, including the total amount due to her for Adult Education Coordinator duties.

^^ - The sum of these checks agrees with Ms. Davis' authorized net pay for 1 pay period plus the amount due to her for Adult Education Coordinator duties for the fiscal year.

* - Includes Ms. Davis' authorized net pay for 1 pay period and the amount due to her for Adult Education Coordinator duties for the fiscal year.

- Payment was prorated based on Ms. Davis' annual salary and the number of days Ms. Davis worked during the payroll period.

ED - Electronically deposited. (The check number shown was recorded in the District's payroll register.)

Report on Special Investigation of the
West Marshall Community School District

Disbursements to Donald Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

Per Check/Bank Statement			
Check Date	Date Cleared #	Check Number	Amount
NA	01/09/01	NA	\$ 443.72
NA	01/24/01	NA	443.72
NA	02/07/01	NA	443.72
NA	02/23/01	ED/NA	443.72
NA	03/09/01	ED/NA	443.72
NA	03/23/01	ED/NA	443.72
NA	04/10/01	NA	443.72
NA	04/25/01	NA	443.72
NA	05/10/01	ED/NA	443.72
NA	05/15/01	NA	443.72
NA	06/08/01	NA	443.72
NA	06/12/01	NA	443.72
NA	06/25/01	NA	443.72
NA	06/27/01	NA	443.72
NA	06/29/01	NA	443.72
Subtotal for FY01**			<u>6,655.80</u>
08/10/01	08/09/01	1248	460.00
09/10/01	09/10/01	3075	497.59
09/20/01	09/20/01	3125	497.59
10/10/01	10/09/01	3178	497.59
10/15/01	10/15/01	3227	497.59
11/08/01	11/07/01	13853	497.59
11/14/01	11/14/01	3333	497.59
12/06/01	12/06/01	3384	509.98
12/11/01	12/11/01	3439	497.59
01/03/02	01/03/02	3486	995.18
01/07/02	01/07/02	3544	32.78
02/08/02	02/11/02	3599	513.98
02/25/02	02/25/02	3656	644.90

Report on Special Investigation of the
West Marshall Community School District

Disbursements to Donald Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

Per Check/Bank Statement			
Check Date	Date Cleared #	Check Number	Amount
03/08/02	03/08/02	3707	582.76
03/25/02	03/26/02	3765	858.85
04/02/02	04/02/02	3809	1,100.00 ^^
04/22/02	04/22/02	3921	197.02 ^^
05/06/02	05/06/02	3923	520.00
05/08/02	05/08/02	3986	448.02
06/03/02	06/03/02	4037	1,087.90
06/26/02	06/21/02	4139	513.98
06/27/02	06/25/02	4167	513.98
06/28/02	06/25/02	4193	513.98
06/26/02	06/26/02	4220	514.04
Subtotal for FY02			13,490.48
09/10/02	09/06/02	4317	575.77
09/16/02	09/16/02	4370	575.77
10/10/02	10/10/02	4424	866.84
10/25/02	10/25/02	ED/14692	828.45
11/07/02	11/07/02	ED/14793	789.93
11/18/02	11/18/02	4580	759.11
12/06/02	12/06/02	4633	723.15
12/12/02	12/12/02	4684	575.77
01/10/03	01/10/03	4735	575.77
01/24/03	01/16/03	4793	575.77
02/10/03	02/06/03	4841	575.77
02/12/03	02/12/03	4894	575.77
03/10/03	03/10/03	4945	575.77
03/17/03	03/17/03	4998	575.77
04/07/03	04/07/03	5049	1,151.54
05/06/03	05/08/03	5055	1,151.54
06/02/03	06/02/03	5163	1,299.00
Subtotal for FY03			12,751.49

Report on Special Investigation of the
West Marshall Community School District

Disbursements to Donald Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

Per Check/Bank Statement			
Check Date	Date Cleared #	Check Number	Amount
07/21/03	07/21/03	5069	1,202.39
08/10/03	08/21/03	5073	739.98
08/25/03	08/26/03	5075	958.00
09/10/03	09/09/03	5669	840.91
09/25/03	^	ED/1112556	2,139.90
10/10/03	10/10/03	ED/1112658	840.91
10/20/03	10/20/03	5081	840.91
10/24/03	10/24/03	ED/1112762	840.91
11/10/03	^	ED/1112866	868.17
11/25/03	^	ED/1112974	840.91
12/10/03	12/11/03	5964	840.91
01/07/04	01/07/04	5091	840.91
01/09/04	^	ED/1113293	840.91
02/04/04	02/04/04	5095	840.91
02/10/04	02/19/04	5099	34.06
02/10/04	^	ED/1113505	840.91
03/05/04	03/05/04	5103	840.91
03/10/04	^	ED/1113718	840.91
03/24/04	03/25/04	5107	102.11
04/08/04	^	ED/1113929	977.05
04/08/04	04/12/04	5111	840.91
04/15/04	04/16/04	5113	200.00
05/05/04	05/05/04	5117	840.91
05/10/04	^	ED/1114141	868.17
05/20/04	05/27/04	5123	17.84
06/03/04	06/03/04	5129	840.91
06/10/04	^	ED/1114353	840.91
06/14/04	06/14/04	5133	1,000.00
06/25/04	06/29/04	5135	840.91
06/30/04	07/13/04	5137	69.46
Subtotal for FY04			<u>23,472.60</u>

Report on Special Investigation of the
West Marshall Community School District

Disbursements to Donald Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

Per Check/Bank Statement			
Check Date	Date Cleared #	Check Number	Amount
07/22/04	07/23/04	5155	500.00
08/06/04	08/09/04	6824	1,525.00
08/24/04	08/24/04	5157	652.00
09/01/04	09/02/04	5159	255.00
09/10/04	09/13/04	6892	866.91
09/10/04	09/13/04	6845	866.91
09/25/04	09/29/04	6899	866.91
10/01/04	10/06/04	6894	866.91
10/08/04	10/07/04	6948	866.91
10/25/04	10/28/04	7007	866.91
11/08/04	11/09/04	7061	866.91
11/17/04	11/17/04	7118	866.91
12/01/04	12/06/04	7163	866.91
12/10/04	12/06/04	7194	866.91
12/20/04	^	ED/1115700	866.91
01/10/05	^	ED/1115811	867.48
01/25/05	01/27/05	7353	867.48
02/10/05	02/10/05	7398	667.48
02/25/05	03/01/05	7454	667.48
03/02/05	03/04/05	7187	667.48
03/10/05	03/11/05	7501	667.48
03/24/05	03/30/05	7558	667.48
04/08/05	04/12/05	7603	673.43
04/18/05	04/21/05	7657	673.43
05/02/05	05/05/05	7185	667.48
05/10/05	05/12/05	7709	684.04
05/31/05	06/02/05	7181	673.43
06/07/05	06/09/05	7180	673.43
06/07/05	06/16/05	7901	673.43

Report on Special Investigation of the
West Marshall Community School District

Disbursements to Donald Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

Per Check/Bank Statement			
Check Date	Date Cleared #	Check Number	Amount
06/08/05	06/16/05	7929	673.43
06/19/05	06/23/05	7956	673.43
06/30/05	07/05/05	7983	673.40
Subtotal for FY05			24,279.30
07/20/05	07/25/05	7178	150.00
08/18/05	08/22/05	7176	790.00
09/09/05	09/13/05	7175	201.11
09/23/05	09/27/05	7169	418.73
10/10/05	^	ED/1117726	735.31
10/25/05	10/21/05	8212	721.47
11/01/05	11/04/05	8250	503.81
11/10/05	^	ED/1117952	704.92
11/15/05	11/25/05	8354	201.11
11/23/05	11/28/05	8429	704.92
12/07/05	12/12/05	8357	704.92
12/09/05	12/29/05	8368	715.05
12/22/05	12/27/05	8435	704.92
01/10/06	01/12/06	8478	720.98
01/25/06	01/27/06	8525	700.71
02/02/06	02/08/06	8557	700.71
02/10/06	02/21/06	8566	720.98
02/24/06	02/23/06	8616	700.71
03/10/06	03/13/06	8656	700.71
03/20/06	03/22/06	8423	700.71
04/10/06	04/19/06	8749	711.84
05/03/06	05/05/06	8842	721.98
05/25/06	05/23/06	8895	692.34

Report on Special Investigation of the
West Marshall Community School District

Disbursements to Donald Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

Per Check/Bank Statement			
Check Date	Date Cleared #	Check Number	Amount
06/09/06	06/12/06	8937	701.71
06/23/06	06/27/06	7003	701.71
06/26/06	07/06/06	7036	701.71
06/27/06	08/02/06	7064	701.71
06/28/06	08/14/06	7090	701.71
Subtotal for FY06			17,836.49
09/08/06	09/11/06	7209	688.36
09/25/06	09/28/06	7254	688.36
10/10/06	10/13/06	7292	615.71
10/25/06	10/26/06	8987	582.30
11/10/06	11/14/06	8989	592.43
11/21/06	11/22/06	7465	582.30
12/08/06	12/11/06	7518	582.30
12/22/06	12/22/06	7557	582.30
01/08/07	01/10/07	7609	588.07
01/15/07	01/22/07	7647	2,438.38
02/09/07	02/26/07	7656	13.29
Subtotal for FY07			7,953.80
Total			\$ 96,464.18

NA - Not available.

** - For the period January 1, 2001 through June 30, 2001.

ED - Electronically deposited.

^ - In 2003, Chris and Don separated and Don established a new account.

We do not have access to this account and are unable to determine the date the funds were deposited in his account or if the funds were deposited.

^^ - Sum of checks agrees with the value of the 2 checks recorded in the payroll register for the month.

Exhibit D

Report on Special Investigation of the
West Marshall Community School District

Unauthorized Disbursements from the Flex Account to Christine Davis
For the period January 1, 2001 through June 30, 2007

Check Date	Date Cleared	Check Number	Amount
05/15/01	05/15/01	1138	\$ 500.00
05/21/01	05/21/01	1139	1,000.00
05/29/01	05/29/01	1147	750.00
Subtotal for FY01*			<u>2,250.00</u>
07/11/01	07/11/01	1160	700.00
07/12/01	07/12/01	1161	100.00
08/14/01	08/14/01	1171	200.00
09/20/01	09/24/01	1184	150.00
11/29/01	11/29/01	1212	500.00
12/19/01	12/20/01	1221	200.00
01/10/02	01/10/02	1224	1,200.00
04/04/02	04/04/02	1258	1,000.00
04/25/02	04/30/02	1271	125.00
06/27/02	06/27/02	1291	250.00
Subtotal for FY02			<u>4,425.00</u>
07/15/02	07/15/02	1292	450.00
09/30/02	09/30/02	1321	75.00
03/20/03	03/20/03	1394	500.00
03/24/03	03/24/03	1395	750.00
04/23/03	04/23/03	1397	750.00
06/16/03	06/16/03	1425	950.00
06/26/03	06/26/03	1434	150.00
Subtotal for FY03			<u>3,625.00</u>
07/17/03	07/16/03	1435	750.00
04/28/04	04/28/04	1554	900.00
Subtotal for FY04			<u>1,650.00</u>

Report on Special Investigation of the
West Marshall Community School District

Unauthorized Disbursements from the Flex Account to Christine Davis
For the period January 1, 2001 through June 30, 2007

Check Date	Date Cleared	Check Number	Amount
08/02/04	08/03/04	1593	1,200.00
09/14/04	09/14/04	1601	250.00
11/15/04	11/16/04	1627	1,100.00
12/15/04	12/15/04	1637	300.00
12/15/04	12/17/04	1652	276.50
12/28/04	12/29/04	1653	495.00
03/23/05	03/23/05	1703	350.00
04/25/05	04/26/05	1719	785.00
06/24/05	06/28/05	1752	1,100.00
Subtotal for FY05			<u>5,856.50</u>
08/18/05	08/18/05	1777	750.00
11/16/05	11/16/05	1810	675.00
06/20/06	06/21/06	1929	250.00
Subtotal for FY06			<u>1,675.00</u>
08/29/06	08/29/06	1951	550.00
09/29/06	09/29/06	1964	550.00
01/31/07	01/31/07	2023	250.00
04/11/07	04/12/07	2047 @	3,250.00
Subtotal for FY07			<u>4,600.00</u>
Total			<u><u>\$ 24,081.50</u></u>

* - For the period January 1, 2001 through June 30, 2001.

@ - Check number 2047 was deposited back into the Flex account.

The next day, Christine Davis transferred the funds to her personal account.

Exhibit E

Report on Special Investigation of the
West Marshall Community School District

Transfers from the General Checking Account to the Flex Account
For the period January 1, 2001 through June 30, 2007

Date	Amount	Previous Day's Balance	Disbursements on Day of Deposit	Other Deposits	Balance at End of Day
02/26/03	\$ 500.00	1,606.25	2,068.21	-	38.04
02/27/03	500.00	38.04	279.85	-	258.19
04/01/03	500.00	35.38	76.91	-	458.47
05/02/03	750.00	(111.23)	-	-	638.77
08/18/03	2,000.00	21.39	755.15	-	1,266.24
09/19/03	2,000.00	447.51	1,809.60	-	637.91
02/11/04	1,000.00	3,047.03	3,440.00	-	607.03
02/23/04	3,000.00	(1,180.33)	687.87	-	1,131.80
02/26/04	250.00				
02/26/04	2,000.00				
	<u>2,250.00</u>	(15.59)	2,030.98	-	203.43
04/05/04	1,000.00	517.96	1,141.75	-	376.21
06/03/04	2,700.00	(322.87)	1,998.77	-	378.36
06/07/04	500.00	138.36	209.44	-	428.92
06/22/04	661.52	428.92	-	-	1,090.44
06/29/04	750.00	692.92	1,014.00	-	428.92
01/31/05	1,500.00	(884.19)	668.44	-	(52.63)
02/02/05	500.00	(52.63)	-	-	447.37
02/09/05	1,500.00	(785.61)	-	-	714.39
02/24/05	1,000.00	814.23	1,238.27	-	575.96
03/02/05	500.00	(17.04)	-	-	482.96
03/03/05	750.00	482.96	764.00		468.96
06/28/05	1,000.00	(91.87)	2,100.00 ^	6,688.88	5,497.01
08/05/05	750.00	(390.67)	-	-	359.33
07/03/06	3,939.66	916.83	752.80	-	4,103.69
08/24/06	1,000.00	(144.90)	191.93	-	663.17
11/01/06	2,500.00	(1,592.70)	-	-	907.30
03/06/07	1,000.00	(653.76)	-	-	346.24
03/26/07	3,000.00	(579.11)	27.00	-	2,393.89
04/13/07	2,500.00	(944.58)	-	-	1,555.42
04/25/07	3,000.00	(1,762.52)	52.16	-	1,185.32
	<u>\$ 42,551.18</u>				

^ - The \$2,100.00 is composed of a \$1,000.00 transfer to the District's General checking account and an \$1,100.00 check issued to Christine Davis.

Report on Special Investigation of the
West Marshall Community School District

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
James S. Cunningham, CPA, Senior Auditor II
Melissa J. Knoll-Speer, Senior Auditor
Brett C. Conner, Assistant Auditor

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

Tamera S. Kusian, CPA
Deputy Auditor of State

**Report on Special Investigation of the
West Marshall Community School District**

Appendices

**Report on Special Investigation of the
West Marshall Community School District**

Report on Special Investigation of the
West Marshall Community School District

Copies of Selected Checks Issued to Christine Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL COMMUNITY SCHOOL DISTRICT STATE CENTER, IOWA 50247		CENTRAL STATE BANK STATE CENTER, IOWA 50247 72-685-739	3172
PAY: Two thousand seven hundred two and 80/100-----		DATE October 2, 2001	AMOUNT \$2,702.80
TO THE ORDER OF	Christine Davis Clemons, IA 50051		
		Christine Davis Kelly Buschman	
		0000270280	

3172 10/02/2001 2702.80

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE 0000 1999 CENTRAL STATE BANK 073900056		ENDORSE HERE Christine Davis
10-2-01		Kelly Buschman

Appendix 1

Report on Special Investigation of the West Marshall Community School District

Copies of Selected Checks Issued to Christine Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL COMMUNITY SCHOOL DISTRICT STATE CENTER, IOWA 50247		CENTRAL STATE BANK STATE CENTER, IOWA 50247 72-685-738		3484
PAY: Seven hundred fifty and 00/100-----				
		DATE	AMOUNT	
		Dec. 27, 2001	\$750.00	
TO THE ORDER OF	Christine Davis [REDACTED] Clemons, IA 50051			
[REDACTED]				0000075000
Christine Davis Kathy Buschman				

3484 12/27/2001 750.00

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE	
DEC 27 01	Christine Davis 0000 67999
95890600	

Report on Special Investigation of the
West Marshall Community School District

Copies of Selected Checks Issued to Christine Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL COMMUNITY SCHOOL DISTRICT <small>STATE CENTER, IOWA 50247</small>		CENTRAL STATE BANK <small>STATE CENTER, IOWA 50247 72-685-739</small>	3488
PAY: Six hundred one and 40/100-----		DATE Dec. 31, 2001	AMOUNT \$602.40
TO THE ORDER OF	Christine Davis [REDACTED] Clemons, IA 50051 [REDACTED]	Christine Davis Kelly Buschman	
		#0000050240#	

3488 12/31/2001 602.40

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
 NO POST HERE

Christine Davis

0030 69999

DEC 31 01

498068564

Christine Davis

Appendix 1

Report on Special Investigation of the West Marshall Community School District

Copies of Selected Checks Issued to Christine Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL COMMUNITY SCHOOL DISTRICT STATE CENTER, IOWA 50247		CENTRAL STATE BANK STATE CENTER, IOWA 50247 72-685-729		5046
PAY:	Two thousand seven hundred seventy seven and 76/100-----			
	DATE	AMOUNT		
	4/1/03	\$2,777.76		
TO THE ORDER OF	Christine Davis [REDACTED] Clemons, IA 50051			
	[REDACTED]			#0000277776
5046		FRONT		04/01/2003 2777.76

[REDACTED]		Christine Davis	
[REDACTED]		04/01/2003 2777.76	
5046	BACK	04/01/2003	2777.76

Report on Special Investigation of the
West Marshall Community School District

Copies of Selected Checks Issued to Christine Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL COMMUNITY SCHOOL DISTRICT STATE CENTER, IOWA 50247		CENTRAL STATE BANK STATE CENTER, IOWA 50247 72-665-739	5047
PAY:	One thousand three hundred eighty eight and 88/100-----		
	DATE	AMOUNT	
	April 10, 2003	\$1,388.88	
TO THE ORDER OF	Christine Davis [REDACTED] Clemons, IA 50051		
	Christine Davis Kelly Buschman		#0000138888

5047 FRONT 04/10/2003 1388.88

5047		BACK	04/10/2003	1388.88
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Christine Davis

Appendix 1

Report on Special Investigation of the West Marshall Community School District

Copies of Selected Checks Issued to Christine Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL COMMUNITY
SCHOOL DISTRICT
STATE CENTER, IOWA 50247

CENTRAL STATE BANK
STATE CENTER, IOWA 50247
72-065-730

5165

PAY: One thousand six hundred sixty six and 24/100-----

DATE AMOUNT
June 4, 2003 \$1,666.24

TO THE
ORDER
OF Christine Davis
[REDACTED]
Clemons, IA 50051

Christine Davis
Kathy Buschman

[REDACTED] #0000166624

5165 FRONT 06/04/2003 1666.24

Christine Davis

5165 BACK 06/04/2003 1666.24

Report on Special Investigation of the
West Marshall Community School District

Copies of Selected Checks Issued to Christine Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL COMMUNITY SCHOOL DISTRICT STATE CENTER, IOWA 50247		CENTRAL STATE BANK STATE CENTER, IOWA 50247 72-685-728		7500
PAY: * ONE THOUSAND FOUR HUNDRED NINETY ONE AND 97/100 DOLLARS *				
		DATE	AMOUNT	
		03/ 4/2005	\$1,491.97	
TO THE ORDER OF	CHRISTINE KAE DAVIS			
	CLEMONS IA 50051-9648			
		VOID AFTER 90 DAYS <i>Christine Davis</i> <i>M. G. Malt</i>		#0000149197
7500	03/04/2005		1491.97	

Appendix 1

Report on Special Investigation of the West Marshall Community School District

Copies of Selected Checks Issued to Christine Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL COMMUNITY
SCHOOL DISTRICT
STATE CENTER, IOWA 50247

CENTRAL STATE BANK
STATE CENTER, IOWA 50247
72-685-739

8355

PAY: One thousand six hundred four and 26/100-----

DATE AMOUNT
Dec. 6, 2005 \$1,604.26

TO THE ORDER OF
Christine Davis
St. Anthony, IA 50239

VOID AFTER 60 DAYS
Christine Davis
max g. marte

#00001604267

8355 FRONT 12/06/2005 1604.26

8355 BACK 12/06/2005 1604.26

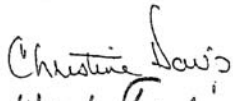

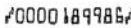
Christine Davis

12/06/2005

1604.26

Report on Special Investigation of the
West Marshall Community School District

Copies of Selected Checks Issued to Christine Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL COMMUNITY SCHOOL DISTRICT STATE CENTER, IOWA 50247		CENTRAL STATE BANK STATE CENTER, IOWA 50247 72-685-739	7836
PAY:	One thousand eight hundred ninety nine and 86/100-----		
	DATE	AMOUNT	
	April 3, 2007	\$1,899.86	
TO THE ORDER OF	Christine Davis [REDACTED] State Center, IA 50247		
	 		
7836	04/03/2007	1899.86	

Appendix 2

Report on Special Investigation of the West Marshall Community School District

Copies of Selected Checks Issued to Donald Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL COMMUNITY SCHOOL DISTRICT STATE CENTER, IOWA 50247		CENTRAL STATE BANK STATE CENTER, IOWA 50247 72-665-739		3809
PAY: One thousand one hundred and 00/100-----				
		DATE	AMOUNT	
		April 2, 2002	\$1,100.00	
TO THE ORDER OF	Don Davis [REDACTED] Clemons, IA 50051			
[REDACTED]				<i>Christine Davis</i> <i>Kathy Buschman</i>
				⑈0000110000⑈

3809 04/02/2002 1100.00

ENDORSE HERE <i>Don Davis</i>		DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE NEED FOR POSTAL SERVICE
[REDACTED]		0007 79182
[REDACTED]		CENTRAL STATE BANK STATE CENTER, IOWA 50247
[REDACTED]		⑈0000110000⑈
[REDACTED]		APR - 2 02

Report on Special Investigation of the
West Marshall Community School District

Copies of Selected Checks Issued to Donald Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL COMMUNITY SCHOOL DISTRICT STATE CENTER, IOWA 50247		CENTRAL STATE BANK STATE CENTER, IOWA 50247 72-685-739		3923
PAY: Five hundred twenty and 00/100-----		DATE	AMOUNT	
		May 6, 2002	\$520.00	
TO THE ORDER OF	Don Davis [REDACTED] Clemons, IA 50051			
	[REDACTED] [REDACTED] [REDACTED]			
	Christine Davis Kelly Buschman			
	#0000052000#			

3923 05/06/2002 520.00

DO NOT WRITE, STAMPS OR SIGNATURES ARE NOT VALID

3923

05/06/2002

520.00

Don Davis

CENTRAL STATE BANK

STATE CENTER, IOWA 50247

72-685-739

Appendix 2

Report on Special Investigation of the West Marshall Community School District

Copies of Selected Checks Issued to Donald Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL COMMUNITY SCHOOL DISTRICT STATE CENTER, IOWA 50247		CENTRAL STATE BANK STATE CENTER, IOWA 50247 72-685-730	3986
PAY: Four hundred forty eight and 02/100-----		DATE	AMOUNT
		May 8, 2002	\$448.02
TO THE ORDER OF	Don Davis [REDACTED] Clemons, IA 50051	<i>Christine Davis</i> <i>Kathy Buschman</i>	
[REDACTED]		#0000044802#	

3986 05/08/2002 448.02

ENDORSE HERE

Don Davis

DO NOT WRITE, ST
REPLY ADDRESS

05/08/2002 \$448.02

CENTRAL
STATE BANK

6600044802

MAY - 8 - 02

10730304

THE FOLLOWING INFORMATION IS FOR THE BANK'S USE ONLY
DO NOT WRITE IN THESE SPACES

Report on Special Investigation of the
West Marshall Community School District

Copies of Selected Checks Issued to Donald Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL COMMUNITY SCHOOL DISTRICT <small>STATE CENTER, IOWA 50247</small>		CENTRAL STATE BANK <small>STATE CENTER, IOWA 50247 72-685-739</small>	4139
PAY:		DATE 06-26-2002 AMOUNT \$513.98	<small>Security Features Included</small>
* FIVE HUNDRED THIRTEEN AND 98/100 DOLLARS *			
TO THE ORDER OF	DONALD W. DAVIS [REDACTED] CLEMONS IA 50051-9648 [REDACTED]	[Signature: Christine Davis] [Signature: Kelly Buschman]	
		#0000051398#	

4139 06/21/2002 513.98

THE SECURITY OF YOUR CHECKS IS GUARANTEED BY THE BANK OF AMERICA NATIONAL ASSOCIATION 100 N. 17th St. Minneapolis, MN 55455	DO NOT WRITE, ST. U.S. DEPT. OF TREASURY RESERVE FORT	[Signature: Donald Davis]
JUN 21 02	CENTRAL STATE BANK STATE CENTER, IOWA 50247 30662204	

Appendix 2

Report on Special Investigation of the West Marshall Community School District

Copies of Selected Checks Issued to Donald Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL COMMUNITY SCHOOL DISTRICT STATE CENTER, IOWA 50247		CENTRAL STATE BANK STATE CENTER, IOWA 50247 72-465-728		5049
PAY:	One thousand one hundred fifty one and 54/100-----			
	DATE	AMOUNT		
	4/7/03	\$1,151.54		
TO THE	Don Davis			
OF	Clemons, IA 50051			
		Christina Davis Kathy Bushlow		9# 0000115154

5049 FRONT 04/07/2003 1151.54

5049		BACK	04/07/2003	1151.54
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Report on Special Investigation of the
West Marshall Community School District

Copies of Selected Checks Issued to Donald Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL COMMUNITY SCHOOL DISTRICT STATE CENTER, IOWA 50247		CENTRAL STATE BANK STATE CENTER, IOWA 50247 72-885-728		5081
PAY:	Eight hundred forty and 91/100-----			
	DATE	AMOUNT		
	Oct. 20, 2003	\$840.91		
TO THE ORDER OF	Don Davis [REDACTED] Clemons, IA 50051			
	[REDACTED]		Christine Davis Julie A. Randall #0000084091#	
5081	FRONT	10/20/2003	840.91	

[REDACTED]		[REDACTED]		5081
[REDACTED]		[REDACTED]		BACK
[REDACTED]		[REDACTED]		10/20/2003
[REDACTED]		[REDACTED]		840.91

Appendix 2

Report on Special Investigation of the West Marshall Community School District

Copies of Selected Checks Issued to Donald Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL COMMUNITY SCHOOL DISTRICT STATE CENTER, IOWA 50247		CENTRAL STATE BANK STATE CENTER, IOWA 50247 72-485-728		6948
PAY: * EIGHT HUNDRED SIXTY SIX AND 91/100 DOLLARS *				
TO THE ORDER OF DONALD W. DAVIS [REDACTED] CLEMONS IA 50051-9648		DATE 10/08/2004	AMOUNT \$866.91	
		Christine Davis [Signature]		
		[REDACTED]		⑈0000086691⑈
6948	FRONT	10/07/2004	866.91	

[REDACTED]		[REDACTED]		[Signature]
[REDACTED]		[REDACTED]		[Signature]
6948	BACK	10/07/2004	866.91	

Report on Special Investigation of the
West Marshall Community School DistrictCopies of Selected Checks Issued to Donald Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL COMMUNITY SCHOOL DISTRICT STATE CENTER, IOWA 50247		CENTRAL STATE BANK STATE CENTER, IOWA 50247 72-685-739		8557
PAY:	Seven hundred and 71/100-----			
	DATE	AMOUNT		
	Feb. 2, 2006	\$700.71		
TO THE ORDER OF	Don Davis [REDACTED] Clemons, IA 50051			
	VOID AFTER 90 DAYS <i>Christine Davis</i> <i>Wm. L. Tomlinson</i>			#0000070071
8557		02/08/2006		700.71

WEST MARSHALL COMMUNITY SCHOOL DISTRICT STATE CENTER, IOWA 50247		CENTRAL STATE BANK STATE CENTER, IOWA 50247 72-685-739		8989
PAY:	Five hundred ninety two and 43/100-----			
	DATE	AMOUNT		
	Nov. 10, 2006	\$592.43		
TO THE ORDER OF	Donald W. Davis [REDACTED] Union, IA 50258			
	VOID AFTER 90 DAYS <i>Christine Davis</i> <i>Wm. L. Tomlinson</i>			#0000059243
8989		11/14/2006		592.43

Appendix 2

Report on Special Investigation of the West Marshall Community School District

Copies of Selected Checks Issued to Donald Davis from the General Checking Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL COMMUNITY SCHOOL DISTRICT STATE CENTER, IOWA 50247		CENTRAL STATE BANK STATE CENTER, IOWA 50247 72-685-739		7465
PAY:	Five hundred eighty two and 30/100-----			
		DATE	AMOUNT	
		Nov. 21, 2006	\$582.30	
TO THE ORDER OF	Donald W. Davis [REDACTED] Union, IA 50258		<i>Christine Davis</i> <i>Wm. L. Tomlinson</i>	
	[REDACTED]		#0000058230	

7465 11/22/2006 582.30

**Report on Special Investigation of the
West Marshall Community School District**

Report on Special Investigation of the
West Marshall Community School District

Copies of Selected Checks Issued to Christine Davis from the Flex Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL SCHOOL FLEX
3RD ST. NW. BOX 670
STATE CENTER, IA 50247

72-685/739
258385

1160

~~DATE~~ July 11, 2001

Pay to the order of Christine Davis \$ 700.00

Seven hundred and 00/100

CENTRAL STATE BANK
STATE CENTER, IA 50247

Christine Davis

#0000070000

1160 07/11/2001 700.00

WEST MARSHALL SCHOOL FLEX
3RD ST. NW. BOX 670
STATE CENTER, IA 50247

72-685/739
258385

1224

~~DATE~~ Jan. 10, 2002

Pay to the order of Christine Davis \$ 1,200.00

One thousand two hundred and 00/100




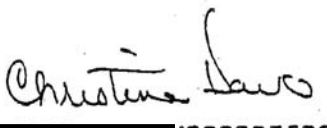
CENTRAL STATE BANK
STATE CENTER, IA 50247

Christine Davis

#0000120000

Report on Special Investigation of the
West Marshall Community School District

Copies of Selected Checks Issued to Christine Davis from the Flex Account
For the period January 1, 2001 through June 30, 2007

 WEST MARSHALL SCHOOL FLEX 3HD ST. NW. BOX 670 STATE CENTER, IA 50247		72-685/739 258385	1425
		DATE June 16, 2003	
Pay to the order of <u>Christine Davis</u>	\$ 950.00		
Nine hundred fifty and 00/100-----		THREE	
 CENTRAL STATE BANK STATE CENTER, IA 50247			
MICR LINE: [REDACTED]		00000095000	

1425 06/16/2003 950.00

Appendix 3

Report on Special Investigation of the West Marshall Community School District

Copies of Selected Checks Issued to Christine Davis from the Flex Account
For the period January 1, 2001 through June 30, 2007

WEST MARSHALL SCHOOL FLEX
3RD ST. NW. BOX 670
STATE CENTER, IA 50247

72-685/739
258385

1554

APR 23, 2004

Pay to the order of Christine Davis \$ 900.00

Nine hundred and 00/100-----

CENTRAL
STATE BANK
STATE CENTER, IA 50247

Christine Davis

1554 04/28/2004 900.00

WEST MARSHALL SCHOOL FLEX
3RD ST. NW. BOX 670
STATE CENTER, IA 50247

72-685/739
258385

1627

NOV 15, 2004

Pay to the order of Christine Davis \$ 1,100.00

One thousand one hundred and 00/100-----

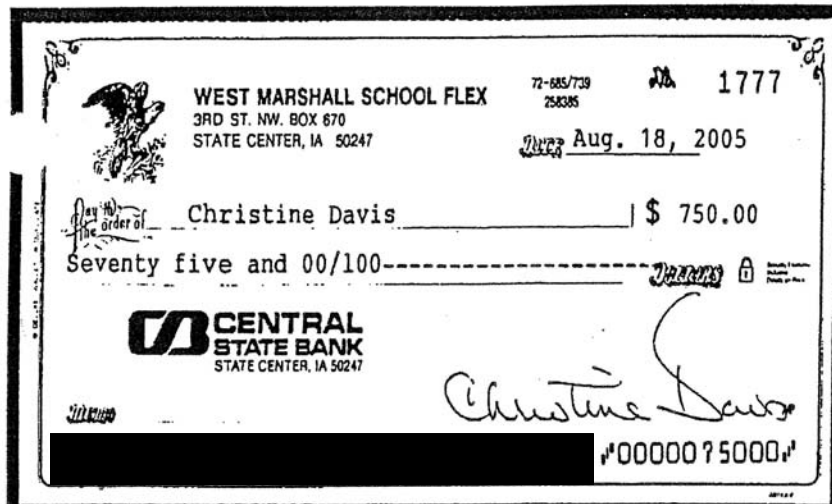
CENTRAL
STATE BANK
STATE CENTER, IA 50247

Christine Davis

1627 11/16/2004 1100.00

Report on Special Investigation of the
West Marshall Community School District

Copies of Selected Checks Issued to Christine Davis from the Flex Account
For the period January 1, 2001 through June 30, 2007





1777

08/18/2005



750.00

Report on Special Investigation of the
West Marshall Community School District

Copies of Selected Checks Issued to Christine Davis from the Flex Account
For the period January 1, 2001 through June 30, 2007

	WEST MARSHALL SCHOOL FLEX	72-885/739 258385	2047
	3RD ST. NW. BOX 670 STATE CENTER, IA 50247	Date April 11, 2007	
Pay to the order of	Christine Davis	\$ 3,250.00	
Three thousand two hundred fifty and 00/100		DOLLARS	
		Christine Davis	
		⑈0000325000⑈	





47 04/11/2007 3250.00

	WEST MARSHALL SCHOOL FLEX	72-885/739 258385	1752
	3RD ST. NW. BOX 670 STATE CENTER, IA 50247	Date June 24, 2005	
Pay to the order of	Christine Davis	\$ 1,100.00	
One thousand one hundred and 00/100		DOLLARS	
		Christine Davis	
		⑈0000110000⑈	

1752 06/28/2005 1100.00

Report on Special Investigation of the
West Marshall Community School District

Copies of Selected Checks Issued to Christine Davis from the Flex Account
For the period January 1, 2001 through June 30, 2007

	WEST MARSHALL SCHOOL FLEX	72-885/738 258385	1951
	3RD ST NW BOX 870 STATE CENTER, IA 50247	Aug. 29, 2006	
Pay to the order of	Christine Davis	\$	550.00
Five hundred fifty and 00/100		<i>Money</i> 	
 CENTRAL STATE BANK STATE CENTER, IA 50247		Christine Davis	
		#0000055000#	

1951 08/29/2006 550.00

**Report on Special Investigation of the
West Marshall Community School District**

Report on Special Investigation of the
West Marshall Community School District

Copies of Bank Documents for Deposits to the Flex Account
For the period January 1, 2001 through June 30, 2007

Donor: Christine Davis
[Redacted]
72-825/730
4455
Aug 29 2003
Pay To The Order Of Flex \$ 5,350.00
Five thousand three hundred fifty & 00/100 dollars
CENTRAL STATE BANK
199 W. MAIN
STATE CENTER, IA 50247
For [Redacted]
Christine Davis
4455 0000535000

4455 09/25/2003 5350.00

for deposit only
W.M. Flex
SEP 5 75
[Redacted]
9580068104

Report on Special Investigation of the
West Marshall Community School District

Copies of Bank Documents for Deposits to the Flex Account
For the period January 1, 2001 through June 30, 2007

Received From

CENTRAL STATE BANK
STATE CENTER, IA 50247

SAVINGS WITHDRAWAL

Date 4-30-2007

Three thousand two hundred fifty and 00/100 Dollars \$ 3,250.00

Name Danica R. Hartwig Signature of Depositor

Address _____

NOT NEGOTIABLE - TO BE USED ONLY AT COUNTER OF THIS BANK BY THE POSSESSOR PERSONALLY

000003250000

-1 04/30/2007 3250.00

APR 30 2007

STATE CENTER, IA

000003250000

Report on Special Investigation of the
West Marshall Community School District

Copy of Check from Christine Davis
For the period January 1, 2001 through June 30, 2007

