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NEWS RELEASE

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FOR RELEASE _____ December 5, 2008

Auditor of State David A. Vaudt today released a report on a special investigation of the City of Halbur for the period July 1, 1995 through June 30, 2008. The City is located in Carroll County and has a population of 213. The special investigation was requested by City officials as a result of concerns identified with disbursements issued to the former City Clerk, Jill Bruch. Ms. Bruch had been the City Clerk for approximately 13 years and had also held a position at Westside State Savings Bank (WSSB) for approximately 21 years. She was placed on paid administrative leave on June 11, 2008 and subsequently resigned from her position as City Clerk and from her position at the bank effective July 1, 2008.

Vaudt reported the special investigation identified \$291,689.88 of improper and unsupported disbursements and uncollected interest. The amount identified included \$282,531.69 of improper disbursements, \$269.89 of unsupported disbursements and \$8,888.30 of uncollected interest.

The \$282,531.69 of improper disbursements consists of:

- \$81,756.62 of checks to the former City Clerk and transfers to her personal accounts for which bank documentation is available,
- \$6,740.06 of checks for which the redeemed check or check image could not be located,
- \$82,801.88 of checks drawn on the City's checking account using a repeated check number,
- \$105,880.61 of disbursements from the City's checking account using counter checks or check blanks encoded with the City's checking account number,
- \$3,330.30 for a payment on the former City Clerk's personal credit card account,
- \$1,300.00 of checks issued to the former City Clerk's family members,
- \$542.52 of extra payroll disbursements for the former City Clerk and
- \$179.70 of bank fees.

The \$269.89 of unsupported disbursements consists of 6 checks to the former City Clerk which were approved by the City Council, but supporting documentation was not available.

Of the improper disbursements, \$267,351.42 was traced to deposits in Ms. Bruch's personal bank accounts and \$3,330.30 was applied to Ms. Bruch's personal credit card account. It was not possible to determine if the remaining \$11,670.27 was deposited to Ms. Bruch's personal bank accounts.

On June 1, 2005, Ms. Bruch deposited a cashier's check in the amount of \$60,546.08 to the City's account for repayment of a portion of the monies misappropriated. In addition, between November 22, 2002 and January 13, 2005 funds from WSSB were deposited to the City's account on 16 occasions. The deposits total \$107,628.72. According to Ms. Bruch, she would transfer bank funds to replenish the City's account if the balance was insufficient to satisfy legitimate obligations of the City. Because Ms. Bruch was employed by the City's bank as well as the City, she had the access necessary to enable her to process the transfers. Because Ms. Bruch was able to deposit WSSB's funds to the City's account, the amounts she improperly disbursed from the City's checking account were not limited to only the City's funds.

The uncollected interest of \$8,888.30 resulted from the former City Clerk redeeming Certificates of Deposit (CDs) without City Council approval. As a result, the City did not receive the interest which would have been earned if the CDs had been reinvested in accordance with the Council's instruction. The CDs were used to replenish the City's checking account.

Vaudt also reported cash was collected and should have been deposited to the City's account for other miscellaneous collections, such as shelter house rentals. According to Ms. Bruch, records were not maintained for miscellaneous amounts received. However, she admitted she did not always deposit all collections to the City's account. Because adequate records were not maintained, it was not possible to determine the amount of undeposited collections during Ms. Bruch's tenure as City Clerk.

The report also includes recommendations to the City to strengthen the City's internal controls, such as improvements to segregation of duties and independent review of financial information presented to the City Council. In addition, the report includes a recommendation to ensure all significant actions taken by the City Council are properly recorded in the Council minutes, as well as ensuring all disbursements are presented to the City Council for approval.

Copies of the report have been filed with the Division of Criminal Investigation, the Carroll 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>.

**REPORT ON SPECIAL INVESTIGATION
OF THE
CITY OF HALBUR

FOR THE PERIOD
JULY 1, 1995 THROUGH JUNE 30, 2008**

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Auditor of State's Report

To the Honorable Mayor and
Members of the City Council:

As a result of alleged improprieties regarding certain disbursements and at your request, we conducted a special investigation of the City of Halbur. We have applied certain tests and procedures to selected financial transactions of the City for the period July 1, 1995 through June 30, 2008. Based on discussions with City personnel and a review of relevant information, we performed the following procedures for the periods specified.

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Reviewed the City Council meeting minutes for meetings held between July 1, 1995 and June 30, 2008 for significant actions.
- (3) Obtained the bank statements, redeemed checks and/or images of checks redeemed from the City's checking account to determine the disposition of all disbursements.
- (4) Scanned all checks issued from the City's checking account and examined documentation for certain payments to determine if the payments were approved, properly supported and for appropriate purposes.
- (5) Reviewed ledger cards prepared by the former City Clerk, Jill Bruch, and compared them to the City's checking account to determine if all disbursements were properly recorded.
- (6) Examined all payroll checks to the former City Clerk to determine if the appropriate number of payroll disbursements had been made and to determine if the amounts were appropriate.
- (7) Confirmed payments made to the City by the State of Iowa and Carroll County to determine if they were properly deposited to the City's account.
- (8) Examined utility billing and collection records to determine if utility collections were properly accounted for and deposited.
- (9) Reviewed all investments held by the City to determine if the redemption of certain investments was properly approved by the City Council.
- (10) Obtained and reviewed the personal bank statements of the former City Clerk and selected members of her family for accounts held at certain financial institutions to identify the source of selected deposits and to determine if any repayments had been made to the City.
- (11) Reviewed the monthly Clerk's reports to determine if financial information was accurately reported to the City Council.
- (12) Reviewed the City's Annual Financial Reports to determine if the cash balance was accurately reported.

These procedures identified \$291,689.88 of improper and unsupported disbursements and uncollected interest. The \$291,689.88 is composed of the following:

- \$282,531.69 of improper disbursements, including:
 - \$81,756.62 of checks to the former City Clerk and transfers to her personal accounts for which bank documentation is available,
 - \$82,801.88 of checks drawn on the City's checking account using a repeated check number,
 - \$105,880.61 of disbursements from the City's checking account using counter checks or check blanks encoded with the City's checking account number,
- \$269.89 of unsupported disbursements and
- \$8,888.30 of uncollected interest.

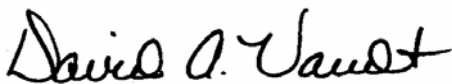
We were unable to determine whether additional amounts may have been undeposited or improperly disbursed during this time period because adequate records were not available for certain receipts and disbursements.

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.

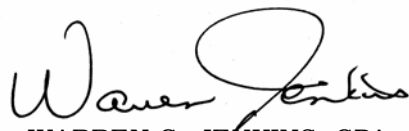
The procedures described above do not constitute an audit of financial statements conducted in accordance with U. S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the City of Halbur, other matters might have come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

Copies of this report have been filed with the Division of Criminal Investigation, the Carroll 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 the City of Halbur and Westside State Savings Bank during the course of our investigation.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 31, 2008

City of Halbur
Investigative Summary

Background Information

The City of Halbur is located in Carroll County and has a population of 213. The City employs a part-time City Clerk who is responsible for the business operations of the City. The City Council appointed Jill Bruch as City Clerk on October 2, 1995. As the City Clerk, Ms. Bruch was responsible for:

- 1) Cash – reconciliation of bank accounts,
- 2) Receipts – collection, posting to the accounting records, deposit preparation and making deposits,
- 3) Disbursements – authorizing and making purchases, receiving certain goods and services, presentation of invoices to the City Council, check preparation, check signing, distribution and posting to the accounting records,
- 4) Payroll – calculation, check preparation, check signing, distribution and posting to the accounting records and
- 5) Reporting – preparation of City Council meeting minutes and preparation of financial reports, including the monthly Clerk's report.

There are no established office hours for City Hall. Ms. Bruch worked as needed to fulfill her responsibilities as City Clerk. In addition, Ms. Bruch provided assistance to the Utility Clerk, as requested. The Utility Clerk has primary responsibility for utility collections and is solely responsible for utility billings and posting to customer accounts.

The City's primary revenue sources include road use tax and local option sales tax from the State of Iowa and property taxes collected by Carroll County and remitted to the City. Revenue is also received throughout the year from utility collections for water and garbage fees assessed to each household and business.

According to City officials, disbursements are made by checks signed by the City Clerk. Because the City Clerk receives the mail, all invoices are received by the City Clerk. On the day of the Council meeting, Ms. Bruch prepared a listing of the bills for presentation to the Council which included all payroll checks, reimbursement checks and vendor invoices.

Unless they had a specific question, the City Council approved the bills from the bill listing and did not review individual invoices. According to the Mayor, Ms. Bruch prepared and signed payroll checks prior to the Council meeting. Ms. Bruch also distributed the payroll checks prior to the Council meeting. According to the Mayor, all checks were to be included on the claims listing for the City Council to approve. After the bill listing was approved, Ms. Bruch manually prepared and signed the non-payroll checks and distributed them to the vendors. Ms. Bruch also maintained a ledger book which showed the check number corresponding to each disbursement. However, this ledger was not complete or presented to the City Council.

Ms. Bruch also held a full-time position with Westside State Savings Bank (WSSB) where the City's checking account was held. Ms. Bruch's responsibilities at WSSB included proof and imaging backup, computer operations, encoding daily work and printing monthly statements.

According to a bank representative, WSSB implemented a procedure in March 2008 to examine all checking accounts, other than personal, on which bank employees were authorized signators. In May 2008, a bank employee was reviewing the City's checking account and identified several checks written to Ms. Bruch.

A bank representative contacted the City's attorney on June 8, 2008 to inform him of the checks identified. The City Council subsequently held a meeting on June 11, 2008 to discuss the concerns identified. At that time, City officials authorized the City Attorney to request the Office of Auditor of State conduct an investigation of the City's financial transactions. As a result of that request, we performed the procedures detailed in the Auditor of State's Report for the period July 1, 1995 through June 30, 2008.

In addition, the Council placed Ms. Bruch on paid administrative leave on June 11, 2008 pending the outcome of the special investigation. She subsequently resigned from her position as City Clerk and her position at WSSB effective July 1, 2008.

Detailed Findings

These procedures identified \$291,689.88 of improper and unsupported disbursements and uncollected interest. This amount includes \$282,531.69 of improper disbursements, \$269.89 of unsupported disbursements and \$8,888.30 of uncollected interest.

The \$282,531.69 of improper disbursements consists of:

- \$81,756.62 of checks to Ms. Bruch and transfers to her personal accounts for which bank documentation is available,
- \$6,740.06 of redeemed checks for which the redeemed check or check image could not be located,
- \$82,801.88 of checks drawn on the City's checking account using a repeated check number,
- \$105,880.61 of disbursements from the City's checking account using counter checks or check blanks encoded with the City's checking account number,
- \$3,330.30 for a payment on Ms. Bruch's personal credit card account,
- \$1,300.00 of checks issued to Ms. Bruch's family members,
- \$542.52 of extra payroll disbursements issued to Ms. Bruch and
- \$179.70 of bank fees.

We were able to trace \$267,351.42 of the improper disbursements to deposits in Ms. Bruch's personal bank accounts. It was not possible to determine if the remaining improper disbursements were deposited to Ms. Bruch's personal bank accounts. The majority of the remaining disbursements were made prior to the earliest date for which Ms. Bruch's personal bank statements are available from Templeton Savings Bank.

We were unable to determine if additional amounts may have been undeposited or improperly disbursed during this time period because adequate records were not available for certain receipts and disbursements. All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

IMPROPER AND UNSUPPORTED DISBURSEMENTS

During our investigation, we reviewed all disbursements from the City's checking account during the period July 1, 1995 to June 30, 2008. However, documentation was not available from the City or WSSB for a number of disbursements. When available, we examined the actual redeemed checks which were returned to the City with its bank statements each month prior to April 2005. When the actual checks were not available at the City, we requested copies from WSSB. The City began receiving images of all redeemed checks in April 2005. For disbursements occurring in or after April 2005, we examined the images of the redeemed checks which were included with the City's monthly bank statements.

As a result of our review, we identified several improper and unsupported disbursements which have been summarized by fiscal year in **Table 1**. The **Table** also summarizes the improper and unsupported disbursements by 7 categories. Each category corresponds to a method we used to identify the improper and unsupported disbursements. A detailed explanation of each methodology used follows **Table 1**.

Table 1

Fiscal Year	Disbursements to Ms. Bruch		Repeated Check Numbers (C)	Counter Checks or Check Blanks (D)	Extra Payroll (E)	Issued to Ms. Bruch's Family Members (F)	Credit Card Payment (G)	Bank Fees (H)	Total
	Redeemed Checks/Images Available (A)	Redeemed Checks/Images Not Available (B)							
1996	\$ 209.98	-	-	-	116.13	-	-	-	326.11
1997	467.27	2,587.06	2,502.93	15,696.20	116.13	-	-	-	21,369.59
1998	106.99	2,078.00	19,312.75	838.56	-	-	-	-	22,336.30
1999	-	-	14,637.68	4,037.12	-	-	-	-	18,674.80
2000	57.16	725.00	9,874.34	4,407.90	-	-	-	-	15,064.40
2001	-	-	-	10,443.07	-	-	-	-	10,443.07
2002	-	-	-	21,467.61	-	-	-	31.50	21,499.11
2003	457.77	-	1,001.10	24,862.85	-	-	-	42.20	26,363.92
2004	-	-	13,574.05	20,162.30	155.13	-	-	42.40	33,933.88
2005	5,063.67	1,350.00	21,899.03	3,965.00	155.13	700.00	-	63.60	33,196.43
2006	34,055.80	-	-	-	-	-	-	-	34,055.80
2007	21,142.50	-	-	-	-	-	-	-	21,142.50
2008	20,465.37	-	-	-	-	600.00	3,330.30	-	24,395.67
Total	\$ 82,026.51	6,740.06	82,801.88	105,880.61	542.52	1,300.00	3,330.30	179.70	282,801.58

(A) Disbursements to Ms. Bruch for Which Redeemed Checks/Images are Available – As stated previously, Ms. Bruch manually prepared, signed and distributed the checks issued from the City's checking account. She also had the authority to transfer City funds between City accounts; however, she was not authorized to transfer City funds to accounts not held by the City.

By reviewing the disbursements from the City's checking account for which we had the actual redeemed checks or images of the checks or other bank documents from the City or WSSB, we identified 254 checks issued to Ms. Bruch and 9 transfers to her personal accounts. Of the 263 disbursements identified to Ms. Bruch, 153 were authorized payroll checks. Of the remaining 110 disbursements, 3 checks were properly issued to Ms. Bruch as a reimbursement.

Of the 107 remaining disbursements, 88 checks and 9 transfers were not supported by any type of documentation or approved by the City Council. In addition, these 97 disbursements were not recorded on the ledger cards prepared by Ms. Bruch. We also confirmed with Ms. Bruch she had written each of the checks and processed the transfers. As a result, the 97 disbursements, which total \$81,756.62, were determined to be improper. The 97 disbursements are listed in **Exhibit B** and the total of \$81,756.62 has been included in **Exhibit A**.

Exhibit B also includes the notations made in the memo portion of the check or transfer document of the improper disbursements. The notations indicate the payments were for items such as "wages, reimbursements and office supplies", "computer dell inv", "supplies and labor" and "final pymt – sup equip." However, when we asked Ms. Bruch about the Dell computer purchase and supply purchases, she stated she included a description on

the memo line to defray any possible suspicions. Copies of selected improper checks issued to Ms. Bruch have been included in **Appendix 1**.

Also, as illustrated by **Exhibit B**, multiple transfers were processed for the same dollar amount on May 30, 2007 and November 30, 2007. According to WSSB representatives, it was the bank's policy to generate and review a report listing each transaction which exceeded \$1,000.00. According to Ms. Bruch, when she wanted more than \$1,000.00 from the City's account, she processed multiple transactions, each for less than the \$1,000.00 limit established by WSSB, to prevent the transactions from appearing on the report generated by the bank.

In addition to the transfers, we identified a number of checks issued by Ms. Bruch for repetitive amounts. For instance, there was more than 1 check issued for \$846.12, \$866.12, \$874.11, \$897.12, \$912.16 and \$1,912.18. Some of these transactions would also appear on the report generated by the bank described above. According to a bank representative, during calendar year 2005, the report's threshold changed to \$2,000.00. According to Ms. Bruch, she used the same dollar amount repetitively so the checks would appear to be routine disbursements to avoid questions from the Mayor or Council.

For all but 4 of the 88 checks and 9 transfers, we traced the improper disbursement to 1 of Ms. Bruch's personal bank accounts. As illustrated by **Exhibit B**, the deposits were traced to a bank account held by Ms. Bruch at WSSB or Templeton Savings Bank. Based on information from WSSB, the 4 checks we were unable to trace to Ms. Bruch's personal accounts were redeemed for cash.

Of the remaining 10 checks, 6 were approved by the City Council; however, supporting documentation was not available for the disbursements. We were unable to determine if these checks were deposited to Ms. Bruch's personal bank accounts. **Table 2** lists the 6 checks. The total of \$269.89 has been included in **Exhibit A** as unsupported.

Table 2

Check Date	Check Number	Per Memo	Amount
06/05/96	5855	-	\$ 125.12
08/26/96	5929	Computer paper, binder, ribbons	32.60
09/24/96	5971	25.00 classes 10/6 DM & 3 water letters 6-60	31.60
04/07/97	6149	-	10.00
01/06/98	6348	Mileage	65.00
02/07/05	8408	-	5.57
Total			\$ 269.89

The remaining 4 checks are unauthorized payroll checks issued to Ms. Bruch, which are described in (E) of this section.

- (B) Disbursements to Ms. Bruch for Which Redeemed Checks/Images are Not Available – Prior to the start of our fieldwork, WSSB employees organized the City's bank statements to ensure completeness. They also compared the redeemed checks available in the City's records to the checks which cleared the City's checking account. As a result of the comparison, they identified several redeemed checks for which the City did not have the corresponding redeemed check or an image of the check. We reviewed the listing of missing checks and images compiled by WSSB employees to ensure its accuracy. We subsequently requested images of the missing redeemed checks from WSSB to determine to whom the disbursements were made.

Images could not be found on the bank's microfiche for 8 of the checks. As stated previously, Ms. Bruch's responsibilities at WSSB included proofing and imaging backup, computer operations, encoding daily work and printing monthly statements. As a result, Ms. Bruch was able to delete records and images at the bank. Because Ms. Bruch received the City's monthly bank statements, she had the ability to remove redeemed checks from the statements rather than maintaining them with the City's records.

We reviewed the City's ledger cards to determine if Ms. Bruch had recorded the checks and, if so, the payee of each check. Of the 8 checks, 5 were shown as "VOID" and the remaining 3 checks were not recorded on the ledger cards. We traced 4 of the 8 checks to deposits made to Ms. Bruch's personal bank accounts between February 1997 and December 2004. The 4 checks total \$4,153.00. However, because Ms. Bruch's personal bank statements from Templeton Savings Bank were not readily available prior to February 1997, we were unable to determine if the remaining 4 redeemed checks were deposited to her personal accounts.

Because the remaining 4 checks are similar in nature to the 4 checks identified in Ms. Bruch's personal bank accounts, we have included the total of all 8 checks in **Exhibit A. Table 3** lists the 8 checks for which a redeemed check/bank image could not be located. As illustrated by the **Table**, the checks total \$6,740.06.

Table 3			
Per Bank Statement			Per Ledger Card Description
Check Date	Check Number	Amount	
09/18/96	5970	\$ 597.16	VOID
10/02/96	5972	531.90	VOID
12/03/96	6026	531.90	-
02/03/97	6086	926.10	-
11/13/98	6599	1,741.60	VOID
12/04/98	6605	336.40	VOID
06/16/00	7062	725.00	VOID
12/08/04	3330	1,350.00	-
Total		<u>\$ 6,740.06</u>	

- (C) Repeated Checks Numbers – During our review of the disbursements from the City's checking account we identified 99 disbursements recorded on the City's bank statements with a check number which had previously been used. Because Ms. Bruch had the ability to post disbursements to the bank's accounting system as part of her job duties at WSSB, she was able to make improper disbursements from the account by recording the disbursements in the bank's system with previously used check numbers.

Because 4 check numbers were used 3 times, only 95 checks numbers were used more than once. The City's bank statements show a total of 194 disbursements were made with the 95 repeated check numbers identified.

We attempted to review the redeemed check or an image of the redeemed check for each of the 194 disbursements recorded with the 95 repeated check numbers to determine to whom the payments were made. We were able to review the redeemed check or an image for 95 of the 194 disbursements and determined all 95 appeared to be a legitimate City disbursement. However, for the remaining 99 disbursements, neither the redeemed check nor a check image could be located. The 99 checks have been listed in **Exhibit C**.

Because the redeemed check or check image could not be located, we were unable to determine to whom the disbursement was made. However, we were able to trace 96 of the 99 disbursements to a deposit in Ms. Bruch's personal bank accounts. The 96 disbursements total \$82,074.97.

We were unable to trace the remaining 3 disbursements to a deposit in Ms. Bruch's personal accounts. The 3 disbursements total \$726.91. However, because we were able to trace 96 of the 99 checks to a deposit in Ms. Bruch's personal bank accounts, we have included the remaining 3 checks in the improper amount. Therefore, \$82,801.88 has been included in **Exhibit A**.

- (D) Counter Checks or Check Blanks – We identified 123 disbursements recorded in the monthly bank statements for the City's checking account from July 1996 to January 2005 for which a check number was not recorded. The 123 disbursements are listed in **Exhibit D**. As illustrated by the **Exhibit**, 110 of the 123 disbursements occurred after February 1997. According to Ms. Bruch, she would use counter checks or check blanks encoded with the City's checking account number to process these disbursements.

Appendix 2 includes examples of selected counter checks we obtained from WSSB. WSSB representatives obtained copies of the counter checks from the Templeton Savings Bank where they were deposited. As illustrated by the **Appendix**, Ms. Bruch issued the counter checks payable to her husband, Jerry Bruch and signed them "Jill Bruch Farm." However, she recorded the City's checking account number for the account from which the disbursement was made. The City's checking account number has been redacted from the copies included in the **Appendix**.

As previously stated, we were unable to obtain the bank statements for Ms. Bruch's personal bank accounts held at Templeton Savings Bank prior to February 1997. Of the 110 disbursements identified for the period February 1997 through January 2005, we were able to trace 104 to a deposit in Ms. Bruch's personal bank accounts. The 104 disbursements total \$97,640.44.

For the remaining 6 disbursements, we were unable to trace the disbursements from the City's checking account to a deposit in Ms. Bruch's personal bank account. However, because the 6 disbursements are similar in nature to the 104 which we were able to trace to a deposit in Ms. Bruch's personal bank accounts, we have included \$1,219.42 in the total improper amount.

The 13 disbursements which occurred prior to February 1997 total \$7,020.75. Because these 13 disbursements are similar to the ones previously identified, we have also included them in the total improper amount. The \$105,880.61 total of all 123 disbursements has been included in **Exhibit A**.

- (E) Extra Payroll Checks Issued to Jill Bruch – As the City Clerk, Ms. Bruch was entitled to a monthly salary. Based on the checks issued to Ms. Bruch, her net salary increased from \$116.13 to \$236.62 between 1995 and 2008.

We reviewed all payments issued to Ms. Bruch for the period July 1, 1995 through June 30, 2008 and identified 153 checks properly issued to her for the amount of her net payroll. However, we determined Ms. Bruch also received 4 additional payroll checks for which there was no Council approval or other supporting documentation available. The 4 checks are listed in **Table 4**.

Table 4

Check Date	Check Number	Improper Wages
04/06/96	5813	\$ 116.13
08/05/96	5968	116.13
02/10/04	8133	155.13
04/10/05	8463	155.13
Total		<u>\$ 542.52</u>

Based on our review of records available at the City, it does not appear Ms. Bruch recorded these disbursements as payroll expense. As a result, payroll taxes or IPERS contributions were not calculated or paid for the additional payroll checks. According to Ms. Bruch, she prepared the checks for the amount of her net wages to avoid potential questions from the Mayor or Council.

The \$542.52 total of the 4 checks has been included in **Exhibit A**. Because the City did not incur additional expense, we did not include an amount for the City's share of FICA and IPERS contributions in the total improper wages included in **Exhibit A**. We confirmed with IPERS the \$542.52 shown in **Table 4** was not included in the amount of covered wages reported for Ms. Bruch.

- (F) Checks Payable to Jill Bruch's Family Members – We also identified 3 checks payable to Ms. Bruch's family members during the period July 1, 1995 through June 30, 2008. Of those, 1 was properly issued to Ms. Bruch's son for mowing services provided to the City. The remaining 2 checks total \$1,300.00 and are listed in **Table 5**.

Table 5

Check Date	Check Number	Payee	Per Memo	Amount
06/10/05	8510	Nate Bruch	Wages	\$ 700.00
05/15/08	9428	Jerry Bruch	Mowing 6 x \$100	600.00
Total				<u>\$1,300.00</u>

According to Ms. Bruch, her son, Nate, started to mow for the City during fiscal year 2008. We asked Ms. Bruch about the check issued to Nate Bruch on June 10, 2005. She indicated he did not mow for the City in 2005. She also stated she issued the check to him to avoid any questions from the City Council or Mayor regarding the disbursement.

As illustrated by the **Table**, the memo portion of check #9428 indicates Jerry Bruch was paid for mowing services. According to the Mayor, Mr. Bruch did not provide mowing services for the City for which compensation would be due. While he assisted Nate with the mowing in 2008, compensation was not approved for him.

The \$1,300.00 total of the 2 checks has been included in **Exhibit A**.

- (G) Personal Credit Card Payment – As stated previously, we reviewed all disbursements from the City’s checking account for the period July 1, 1995 through June 30, 2008. During our review, we identified a \$3,330.30 electronic payment to Cabela’s VISA on August 23, 2007. According to the Mayor, the City does not have a credit card and has not made any purchases from Cabela’s. According to Ms. Bruch, this was a payment on her personal credit card account. She indicated she had purchased tickets to an NFL football game for family and friends. She had received reimbursement from friends to pay the credit card bill, but she had used that money for other expenses. As a result, when the credit card bill was due, she did not have the money to pay the balance, so she used the City’s checking account number to make the electronic payment. As a result, the \$3,330.30 is included in **Exhibit A** as an improper disbursement.
- (H) Bank Fees – During our review of the City’s checking account, we identified 17 occasions on which the bank assessed a \$10 fee plus sales tax. According to a bank representative, the City is required to maintain a minimum balance in the checking account because of its type. **Table 6** summarizes the fees assessed by month. Because the City’s account would not have fallen below the minimum balance had money not been misappropriated, the \$179.70 has been included in **Exhibit A**.

Table 6	
Month/ Year	Amount
October 2001	\$ 10.50
January 2002	10.50
February 2002	10.50
September 2002	10.50
October 2002	10.50
February 2003	10.60
March 2003	10.60
September 2003	10.60
October 2003	10.60
March 2004	10.60
April 2004	10.60
July 2004	10.60
August 2004	10.60
September 2004	10.60
October 2004	10.60
November 2004	10.60
January 2005	10.60
Total	<u>\$ 179.70</u>

REPAYMENTS AND OTHER DEPOSITS

According to Ms. Bruch and her attorney, Ms. Bruch disclosed to her attorney in April 2005 she had improperly used City money. He asked her if anyone else knew of the incident and she indicated no one else knew. Ms. Bruch's attorney also asked if she knew the exact amount of misspending. When she affirmed she knew the total, he recommended she repay the full amount to the City immediately before anyone from the City or WSSB discovered it was missing. According to Ms. Bruch, as a result of her attorney's recommendation, her parents provided her with \$195,000.00. We identified 2 cashier's checks deposited to Ms. Bruch's personal bank accounts totaling that amount.

- The first cashier's check, written to Templeton Savings Bank, was deposited on April 29, 2005 in the amount of \$114,216.94. The same day a wire transfer in the amount of \$114,226.94 was remitted to Hackfort Veal, which is a joint venture between Ms. Bruch's family and her in-laws. We are unable to determine why the payment to Hackfort Veal is \$10 greater than the amount on the cashier's check.

According to a bank representative from WSSB, prior to receiving the April 29, 2005 wire transfer from Ms. Bruch, Hackfort Veal issued a \$114,226.94 check which was deposited to WSSB's account on March 30, 2005. Because documentation was not available from WSSB, we were unable to obtain a copy of the deposited check. According to a bank representative from WSSB, the supporting documentation for the deposit appears to have been destroyed. We are unable to determine the source of funds Hackfort Veal had available to make the payment to WSSB prior to receiving the April 29, 2005 wire transfer from Ms. Bruch.

It appears the \$114,226.94 deposited to WSSB's account on March 30, 2005 was to replace funds Ms. Bruch previously moved from WSSB's account to the City's account and other bank customers' accounts. Through discussion with a bank representative and Ms. Bruch, we determined Ms. Bruch had, on occasion, used bank funds to replenish the City's checking account.

We identified 16 deposits of bank funds to the City's account between November 22, 2002 and January 13, 2005 which total \$107,628.72. Ms. Bruch prepared deposit slips for the deposits to the City's account; however, she indicated on the deposit slips the funds were received from legitimate sources, such as the West Central Iowa Rural Water Association. **Table 7** summarizes the deposits identified in the City's checking account. As illustrated by the **Table**, 2 of the 16 deposits exceeded \$20,000.00 each. Copies of the falsified deposit slips for the 2 transactions have been included in **Appendix 3**.

Table 7

Date	Amount
11/22/02	\$ 37,112.12
09/04/03	5,137.12
09/04/03	4,912.13
09/15/03	3,113.16
09/27/03	1,543.12
11/04/03	2,611.12
11/04/03	3,753.12
11/18/03	22,289.82
07/19/04	4,612.11
08/05/04	4,600.00
08/05/04	2,132.16
09/28/04	3,808.48
09/28/04	4,691.52
11/03/04	2,500.00
11/08/04	1,600.07
01/13/05	3,212.67
Total	<u>\$ 107,628.72</u>

According to a bank representative, the posting and processing of a transaction are typically performed by 2 different employees. However, because of the duties assigned to Ms. Bruch at the bank prior to a bank merger in early 2005, she was able to perform both functions to transfer bank funds to the City's checking account. Because she had the ability to process the complete transaction, other bank employees did not identify the transfers at the time they were made.

In early 2005, the bank at which Ms. Bruch was employed merged with another bank and became WSSB. As a result of the merger, job responsibilities were re-assigned and Ms. Bruch was no longer responsible for the daily balancing. It appears Ms. Bruch stopped transferring bank funds to the City's account at the time of the bank merger. After the merger, the only method Ms. Bruch used to obtain City funds was issuing improper checks.

According to a bank representative from WSSB, Ms. Bruch's repayment of \$114,226.94 fully reimbursed the bank for the amount of bank funds which had been placed in other accounts. The difference between the amount transferred to the City's account and the repayment amount appears to be for funds deposited to other bank customers' accounts. Because WSSB received full reimbursement from Ms. Bruch, there is no amount owed to WSSB from the City's checking account. The \$107,628.72 Ms. Bruch transferred to the City's checking account is shown in **Exhibit A** as deposits of bank funds.

- The second cashier's check was written to Jill Bruch for \$80,783.06 and was deposited on May 25, 2005. On May 31, 2005, a \$60,546.08 cashier's check was drawn on Ms. Bruch's personal bank account. We traced the \$60,546.08 cashier's check to a

June 1, 2005 deposit in the City's checking account. This amount has been included in **Exhibit A** as a repayment from Ms. Bruch.

Copies of the 2 cashier's checks and corresponding City deposit slip are included in **Appendix 4**.

RECEIPTS

As previously stated, the City's primary revenue sources include taxes from the State of Iowa and Carroll County. Revenue is also received from utility collections for water and garbage fees assessed to each household and business and other miscellaneous fees.

Investment Interest – During our discussions with Ms. Bruch, she admitted she redeemed the City's investments in Certificates of Deposit (CDs) without the City Council's approval to replenish the City's checking account. During our review of the City's investments, we identified 6 instances in which a CD was not reinvested in accordance with the instructions provided by the City Council. **Table 8** summarizes the 6 instances.

Table 8						
CD #	Purchased		Cashed		Amount Deposited	Council Approval
	Date	Amount	Date	Amount		
6962	02/09/97	\$ 50,000.00	02/09/98	\$ 52,746.71	22,746.71	^ (1)
7170	02/09/98	30,000.00	08/17/98	30,800.30	11,800.30	^ None
7255	08/09/98	19,000.00	08/11/99	19,949.44	12,949.44	^ None
7394	08/08/99	7,000.00	01/31/02	7,833.41	7,833.41	* None
8228	06/03/05	20,908.26	12/02/05	21,194.96	11,194.96	^ None
14246	12/02/05	10,000.00	06/09/08	10,997.37	10,997.37	* None

^ - Balance was reinvested in a new CD.

* - No proceeds remained to be reinvested.

(1) – Council instructed Ms. Bruch to redeem the CD, make the payment for the City's tractor and reinvest the remaining funds in a new CD. On February 19, 1998, Ms. Bruch paid \$14,210.00 for the tractor. Only \$30,000.00 of the remaining \$38,536.71 was reinvested in a CD for the City.

Because Ms. Bruch did not reinvest the City's CDs in accordance with the City Council's instructions, the City did not earn the amount of interest Council expected. **Exhibit E** illustrates the calculation of the interest which the City would have earned had Ms. Bruch followed the City Council's instructions on investing and reinvesting the City's funds. The first line of the **Exhibit** compares the interest actually earned by the City on the \$30,000 invested by Ms. Bruch to the \$38,500.00 (rounded) she should have invested after making the tractor purchase. The **Exhibit** also compares the amounts the 182-day CDs would have earned if they had been fully reinvested at maturity to the amounts earned on the funds Ms. Bruch actually reinvested.

We also identified an instance in which Ms. Bruch did not invest City funds in a CD as she was instructed by the City Council. According to minutes from the November 4, 2002 City Council meeting, Ms. Bruch was instructed to invest \$20,000.00 from the City's checking account in a CD. However, the City's checking account balance as of November 4, 2002 was only \$10,541.89. As illustrated by **Table 8**, Ms. Bruch did not purchase a CD for the City until June 3, 2005. On that date, Ms. Bruch purchased CD #8228 for \$20,908.62.

Also as illustrated by **Table 8**, Ms. Bruch reinvested only \$10,000.00 of the CD when it matured on December 2, 2005. With the \$10,000.00 she purchased CD #14246. When this CD matured on June 9, 2008, the balance of \$10,997.37 was deposited to the City's checking account. However, the City Council did not authorize the redemption of the CD. As a result, **Exhibit E** includes the interest the City would have earned on October 27, 2008 had Ms. Bruch not redeemed the CD.

Exhibit E illustrates the City should have earned \$8,797.12 more interest than actually received. In addition, the City incurred a \$91.18 penalty for early withdrawal of CD #7394. The total \$8,888.30 of uncollected interest and early withdrawal penalty has been included in **Exhibit A**.

Taxes from the State – We obtained confirmation of all payments made to the City by the State of Iowa for the period July 1, 1999 to June 30, 2008. Records prior to July 1, 1999 were not readily available from the State's accounting system. We selected the 2 most current fiscal years (2008 and 2007) as well as judgmentally selecting fiscal years 2003 and 2000 for testing. We determined all payments from the State were properly deposited in the City's checking account. As a result, we did not extend our testing into other years.

Taxes from the County – We obtained confirmation of all payments made to the City by Carroll County for the period July 1, 2000 to June 30, 2008; however, records were not readily available from the County prior to July 1, 2000. We selected the 3 most current fiscal years (2008, 2007 and 2006) as well as judgmentally selecting fiscal years 2003 and 2001 for testing. We determined all payments from the County were properly deposited in the City's checking account. As a result, we did not extend our testing into other years.

Utility and Other Miscellaneous Collections – As previously stated, the Utility Clerk has primary responsibility for the collection of utility payments. However, utility billing reconciliations were not prepared. We reviewed utility collections for fiscal years 2006 through 2008 to determine if collections significantly fluctuated when compared to other fiscal years. In addition, we compared collections for the months immediately preceding and following Ms. Bruch's resignation to determine if collections varied significantly. Collections did not vary significantly between fiscal years or between months. As a result, we did not extend our testing.

Through discussions with the Mayor and Ms. Bruch, the City also received revenues from renting the shelter house. According to Ms. Bruch, records were not maintained for miscellaneous amounts received. However, she admitted she did not always deposit all collections to the City's account. Because adequate records were not maintained, it was not possible to determine the amount of undeposited collections during Ms. Bruch's tenure as City Clerk.

ADMINISTRATIVE OVERSIGHT

Improper Balances Reported to Council – We reviewed the monthly Clerk's Reports prepared by Ms. Bruch and presented to the Council. For selected months, **Table 9** compares the bank balances included on the monthly reports to the actual bank balances obtained from bank statements. The City's bank balances will vary from the balances on the bank statements due to reconciling items, such as deposits in transit and outstanding checks. However, we reviewed the monthly statements and did not identify any reconciling items large enough to account for the variances identified. According to Ms. Bruch, when preparing the monthly Clerk's Reports, she would include amounts for the checking account and CD balances which would meet the City Council's expectations.

Table 9

Description	July 2006	January 2007	July 2007	January 2008	May 2008**
<u>Ms. Bruch's Monthly Report to the Council:</u>					
Westside State Savings Bank:					
Checking	\$ 35,165.09	67,167.30	71,699.78	89,849.99	100,927.76
CDs	21,232.36	21,655.84	22,087.76	64,960.32	65,806.64
Subtotal	56,397.45	88,823.14	93,787.54	154,810.31	166,734.40
<u>Bank Statements:</u>					
Westside State Savings Bank:					
Checking	9,749.01	30,777.94	19,479.30	17,122.01	21,029.13
CDs	10,162.05	10,364.73	10,571.46	53,214.33	54,275.71
Subtotal	19,911.06	41,142.67	30,050.76	70,336.34	75,304.84
Variance	\$ 36,486.39	47,680.47	63,736.78	84,473.97	91,429.56

** - The May 2008 report to the Council is the last one prepared by Ms. Bruch because she was placed on paid leave on June 10, 2008.

Annual Financial Report – In addition to the monthly Clerk's Reports, we also reviewed the Annual Financial Reports (AFRs) submitted by Ms. Bruch. We compared the cash balance reported to the City's bank account to determine if balances were accurate. We selected the 2 most recent AFRs (2007 and 2006) submitted by Ms. Bruch to compare to bank statements.

Table 10 compares the cash balances included on the AFRs prepared by Ms. Bruch to the actual bank balances obtained from bank statements. As stated previously, although the City's balances will vary from the bank statements, we did not identify any reconciling items large enough to account for the variances identified.

Table 10

Description	2007	2006
<u>Annual Financial Report:</u>		
Cash and Investments	\$ 104,010.00	78,312.00
<u>Bank Statements:</u>		
Westside State Savings Bank:		
Checking	18,001.21	13,793.48
Investments (CDs)	22,087.76	21,232.36
Total	40,088.97	35,025.84
Variance	\$ 63,921.03	43,286.16

Council Minutes – We reviewed the City Council meeting minutes from July 1, 1995 through June 30, 2008. As a result of our review, we determined the minutes had not been signed by the City Clerk or Mayor to authenticate the record. In addition, the personnel actions related to Ms. Bruch were not documented.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the City of Halbur to perform bank reconciliations and process receipts, disbursements and payroll. An important aspect of internal control is to establish procedures to 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 City of Halbur'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 City Clerk had control over each of the following areas for the City:
- (1) Cash – reconciliation of the bank account.
 - (2) Receipts – received collections from customers, posted transactions and prepared and made deposits.
 - (3) Disbursements – presentation of invoices to the City Council, check preparation, check signing, distribution and posting.
 - (4) Payroll – check preparation, check signing and posting.
 - (5) Financial Reporting – preparation of the Council minutes and preparation of financial reports, including monthly Clerk's reports.

In addition, the Utility Clerk is solely responsible for utilities, including meter readings, bill preparation, application of penalties, collections, posting, deposit preparation and making deposits.

Also, because City checks only require 1 signature, the former City Clerk was able to issue checks without proper review and approval.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the duties within each function listed above should be segregated between the City Clerk, Utility Clerk, Mayor and City Council members. In addition, the Council should review financial records, reconciliations and supporting documentation for accounting records on a periodic basis.

Also, procedures should be implemented to ensure the proper approval of transactions has been granted by the Council. The City should consider requiring dual signatures on all disbursements made by City check.

City officials should also implement procedures to ensure bank statements are delivered to and reviewed by an official not responsible for collecting or disbursing City funds.

- B. Reconciliation of Utility Billings, Collections and Delinquencies – Utility billings and collections or delinquencies are not reconciled on a periodic basis.

Recommendation – Procedures should be established to ensure utility billings are reconciled to subsequent collections and delinquencies for each billing period. The Council, or other independent person designated by the City Council, should review the reconciliations and monitor delinquencies. Delinquencies should not be written off without Council approval.

- C. Council Minutes – Chapter 21 of the *Code of Iowa* requires minutes be kept of all meetings of governmental bodies.

During our review of minutes, we determined:

- (1) The minutes were not properly signed by the City Clerk or Mayor to authenticate the record as required by section 380.7(4) of the *Code*.
- (2) The personnel actions related to Ms. Bruch were not documented in the minutes.
- (3) Not all disbursements were presented to the Council for its approval.
- (4) Investment activity (i.e., redemption of CDs) was not always documented.

Recommendation – The City should ensure either the City Clerk or the Mayor sign all meeting minutes, all personnel actions are properly documented and all City obligations are paid by check and presented to the Council for its approval. Also, all investment activity should be discussed and approved by Council.

- D. Payroll – During review of payroll, we were unable to locate any time sheets. Through discussions with the Utility Clerk and the Mayor, time sheets are not maintained.

Recommendation – The Council should implement procedures to ensure all hourly employees maintain time sheets which are reviewed by someone who would have a basis for determining if the information recorded is accurate. In addition, the City Clerk, a Council Member or an individual independent of payroll preparation should periodically compare the payroll checks to the payroll register and time sheets to ensure the amounts disbursed are appropriate and properly supported.

- E. Supporting Documentation – During our review of the City's financial activity, we were unable to locate supporting documentation for all receipts and disbursements, such as shelter house collections, reimbursements for supplies and/or travel and certain other purchases.

Recommendation – Supporting documentation, such as rental agreements, receipt books, receipts or invoices, should be maintained for all receipts and disbursements. The City should consider developing a record retention policy.

**Report on Special Investigation of the
City of Halbur**

Exhibits

**Report on Special Investigation of the
City of Halbur**

Report on Special Investigation of the
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Summary of Findings
For the period July 1, 1995 through June 30, 2008

Description	Exhibit/Table/ Page Number	Improper	Unsupported	Total
Improper and unsupported disbursements:				
Checks and transfers payable to Jill Bruch	Exhibit B/ Table 2	\$ 81,756.62	269.89	82,026.51
Checks with no corresponding redeemed check/bank image	Table 3	6,740.06	-	6,740.06
Checks issued using a repeated check number	Exhibit C	82,801.88	-	82,801.88
Disbursements by counter checks or check blanks	Exhibit D	105,880.61	-	105,880.61
Extra payroll checks issued to Jill Bruch	Table 4	542.52	-	542.52
Checks payable to Jill Bruch's family members	Table 5	1,300.00	-	1,300.00
Personal credit card payment	Page 12	3,330.30	-	3,330.30
Bank fees	Page 12	179.70	-	179.70
Total improper and unsupported disbursements		282,531.69	269.89	282,801.58
Uncollected investment interest	Pages 15-16	8,888.30	-	8,888.30
Total improper and unsupported disbursements and uncollected interest		<u>\$ 291,419.99</u>	<u>269.89</u>	<u>291,689.88</u>
Less: Improper deposits of WSSB funds	Table 7			(107,628.72)
Net amount of City funds				184,061.16
Less: Repayment by Jill Bruch on June 1, 2005	Pages 14-15			(60,546.08)
Net total				<u><u>\$ 123,515.08</u></u>

Report on Special Investigation of the
City of Halbur

Improper Checks and Transfers Payable to Jill Bruch
For the period July 1, 1995 through June 30, 2008

Per Redeemed Check/Bank Image of Check			
Check Number	Check Date	Amount	Memo Line
5682	10/03/95	\$ 82.66	-
5777	03/06/96	2.20	-
Subtotal for FY96		84.86	
5902	08/09/96	293.07	computer supplies, extra wages on computer (20 hours) meeting exp 8/18 to 8/24
5957	09/04/96	100.00	electric - 6 months
Subtotal for FY97		393.07	
6408	03/20/98	41.99	Calculator
Subtotal for FY98		41.99	
7063	06/16/00	18.00	candy
7065	06/22/00	39.16	pop - Mayor/Council meeting
Subtotal for FY00		57.16	
7698	08/14/02	15.12	candy - parade
7746	10/16/02	95.55	computer desk and bookcase
7845	03/04/03	347.10	wages + 191.97 computer supplies
Subtotal for FY03		457.77	
8464	04/08/05	902.97	travel expenses
8500	06/07/05	1,352.00	computer dell inv
8509	06/10/05	968.00	wages and supplies 456.12
8515	06/30/05	1,835.13	wages 335.13, reimbursement, office supplies
Subtotal for FY05		5,058.10	
8558	08/05/05	1,912.18	wages, reimbursements and office equip
8565	08/10/05	1,401.06	-
8573	09/01/05	1,912.18	wages, reimbursements, equipment and office supplies
8581	09/10/05	1,344.00	wages and office supplies
8584	09/20/05	653.12	supplies and labor
8586	09/27/05	1,912.18	final pymt - sup equip
8611	10/10/05	563.12	-
8625	11/04/05	1,864.10	Bal of office supplies/equip
8650	11/10/05	1,536.29	reimbursement (off supplies/furniture)
8675	11/30/05	1,446.18	-
8700	12/15/05	1,365.98	-
8674	12/15/05	1,747.91	wages plus supplies
8699	12/31/05	1,312.16	-

Date	Deposited to Ms. Bruch's Personal Accounts		
	Templeton Checking	WSSB Checking #1*	Cashed
10/10/95	-	82.66	-
03/07/96	-	-	2.20
	-	82.66	2.20
08/09/96	-	293.07	-
09/04/96	-	-	100.00
	-	293.07	100.00
03/20/98	-	-	41.99
	-	-	41.99
06/19/00	-	-	18.00
06/26/00	-	39.16	-
	-	39.16	18.00
08/14/02	-	15.12	-
10/16/02	-	95.55	-
03/05/03	347.10	-	-
	347.10	110.67	-
04/20/05	902.97	-	-
06/07/05	1,352.00	-	-
06/14/05	968.00	-	-
07/01/05	1,835.13	-	-
	5,058.10	-	-
08/08/05	1,912.18	-	-
08/17/05	1,401.06	-	-
09/02/05	1,912.18	-	-
09/12/05	1,344.00	-	-
09/22/05	653.12	-	-
09/28/05	1,912.18	-	-
10/17/05	563.12	-	-
11/04/05	1,864.10	-	-
11/25/05	1,536.29	-	-
12/16/05	1,446.18	-	-
12/16/05	1,365.98	-	-
01/03/06	1,747.91	-	-
01/03/06	1,312.16	-	-

Report on Special Investigation of the
City of Halbur

Improper Checks and Transfers Payable to Jill Bruch
For the period July 1, 1995 through June 30, 2008

Per Redeemed Check/Bank Image of Check			
Check Number	Check Date	Amount	Memo Line
8775	12/31/05	897.12	-
8800	12/31/05	912.16	-
8676	01/08/06	106.02	-
8790	01/31/06	897.12	-
8811	01/31/06	912.16	-
8804	02/18/06	897.12	-
8824	02/28/06	912.16	-
8825	03/31/06	897.12	-
8829	03/31/06	912.16	-
8841	04/30/06	912.16	-
8796	04/30/06	712.16	-
8799	05/01/06	512.00	supplies - Office Depot
8798	05/01/06	912.16	-
8842	05/01/06	816.32	supplies - Office Depot
8797	05/15/06	712.16	-
8850	05/15/06	963.99	-
8794	05/30/06	912.13	-
8823	06/01/06	863.15	-
8795	06/10/06	425.97	supplies
Subtotal for FY06		34,055.80	
8976	11/05/06	866.12	-
8950	11/10/06	826.97	wages
8949	11/10/06	912.16	supplies
8992	12/14/06	866.12	-
9000	12/15/06	901.87	-
9012	01/01/07	874.11	-
9025	01/15/07	874.11	-
9016	01/31/07	798.62	-
9027	02/07/07	511.12	supplies
9063	03/15/07	974.96	-
9125	04/01/07	846.12	-
9074	04/01/07	812.16	-
9112	04/15/07	907.97	-
9116	04/15/07	876.12	-
9101	05/01/07	846.12	-
9124	05/01/07	719.27	-
9118	05/01/07	918.67	-

Deposited to Ms. Bruch's Personal Accounts			
Date	Templeton	WSSB	Cashed
	Checking	Checking #1*	
04/18/06	897.12	-	-
05/08/06	912.16	-	-
01/09/06	-	106.02	-
04/18/06	897.12	-	-
05/08/06	912.16	-	-
04/18/06	897.12	-	-
05/08/06	912.16	-	-
04/18/06	897.12	-	-
05/08/06	912.16	-	-
05/08/06	912.16	-	-
05/17/06	712.16	-	-
05/08/06	512.00	-	-
05/08/06	912.16	-	-
05/08/06	816.32	-	-
05/17/06	712.16	-	-
06/27/06	963.99	-	-
06/13/06	912.13	-	-
06/27/06	863.15	-	-
06/13/06	425.97	-	-
	33,949.78	106.02	-
12/14/06	866.12	-	-
11/14/06	826.97	-	-
11/14/06	912.16	-	-
12/14/06	866.12	-	-
12/20/06	901.87	-	-
02/01/07	874.11	-	-
02/01/07	874.11	-	-
02/08/07	798.62	-	-
02/08/07	511.12	-	-
04/04/07	974.96	-	-
05/03/07	846.12	-	-
04/04/07	812.16	-	-
05/03/07	907.97	-	-
05/17/07	876.12	-	-
05/03/07	846.12	-	-
05/17/07	719.27	-	-
06/01/07	918.67	-	-

Report on Special Investigation of the
City of Halbur

Improper Checks and Transfers Payable to Jill Bruch
For the period July 1, 1995 through June 30, 2008

Per Redeemed Check/Bank Image of Check			
Check Number	Check Date	Amount	Memo Line
9140	05/15/07	26.12	supplies
9126	05/15/07	978.99	-
9123	05/15/07	897.65	-
#	05/30/07	997.12	transfer
#	05/30/07	997.12	transfer
#	05/30/07	997.12	transfer
#	05/30/07	997.12	transfer
9127	06/01/07	918.67	-
Subtotal for FY07		21,142.50	
9200	08/15/07	982.13	-
9225	09/10/07	912.16	-
9232	09/15/07	912.27	-
9246	10/01/07	936.98	-
9249	10/01/07	980.16	-
9245	10/01/07	891.07	-
9250	10/04/07	410.00	supplies
9239	10/15/07	982.72	-
9251	10/15/07	796.09	-
9265	11/01/07	927.12	-
9248	11/01/07	450.00	supplies
9247	11/01/07	817.96	-
9275	11/15/07	965.08	-
#	11/30/07	900.00	transfer
#	11/30/07	900.00	transfer
#	11/30/07	900.00	transfer
#	11/30/07	900.00	transfer
#	11/30/07	900.00	transfer
9268	11/30/07	978.64	-
9274	11/30/07	982.65	-
9325	01/15/08	696.98	-
9350	02/01/08	619.08	-
9360	03/02/08	43.17	legislative forum
9408	05/10/08	271.36	office supplies
9409	05/10/08	596.79	motel 197.12, classes 350.00 a League of Cities expense
9440	06/05/08	812.96	\$175 - cabinet; 120 - desk; 216.96 supplies; file-57; parade - 257
Subtotal for FY08		20,465.37	
Total		\$ 81,756.62	

- Transaction was a transfer; therefore, there is no check number.

* - Ms. Bruch maintained several personal accounts at WSSB.

Deposited to Ms. Bruch's Personal Accounts			
Date	Templeton	WSSB	Cashed
	Checking	Checking #1*	
05/15/07	-	26.12	-
05/17/07	978.99	-	-
06/01/07	897.65	-	-
05/30/07	-	997.12	-
05/30/07	-	997.12	-
05/30/07	-	997.12	-
05/30/07	-	997.12	-
06/01/07	918.67	-	-
	17,127.90	4,014.60	-
08/22/07	982.13	-	-
09/10/07	912.16	-	-
10/05/07	912.27	-	-
10/05/07	936.98	-	-
11/01/07	980.16	-	-
11/08/07	891.07	-	-
10/05/07	410.00	-	-
11/01/07	982.72	-	-
11/08/07	796.09	-	-
11/08/07	927.12	-	-
11/19/07	450.00	-	-
11/19/07	817.96	-	-
11/19/07	965.08	-	-
11/30/07	-	900.00	-
11/30/07	-	900.00	-
11/30/07	-	900.00	-
11/30/07	-	900.00	-
11/30/07	-	900.00	-
11/30/07	978.64	-	-
11/30/07	982.65	-	-
02/04/08	696.98	-	-
02/04/08	619.08	-	-
03/05/08	-	43.17	-
05/13/08	271.36	-	-
05/13/08	596.79	-	-
06/06/08	-	812.96	-
	15,109.24	5,356.13	-
	\$ 71,592.12	10,002.31	162.19

**Report on Special Investigation of the
City of Halbur**

Report on Special Investigation of the
City of Halbur

Improper Checks Issued Using a Repeated Check Number
For the period July 1, 1995 through June 30, 2008

Per City's Bank Statements			Deposit to Ms. Bruch's Personal Accounts				
Check Number	Check Date	Amount	Deposit Date	Templeton Checking	WSSB Checking #1	WSSB Checking #2	Unknown
6097	06/10/97	\$ 1,328.37	06/09/97	1,328.37	-	-	-
6098	06/30/97	1,174.56	06/23/97	1,174.56	-	-	-
Subtotal for FY97		2,502.93		2,502.93	-	-	-
6099	07/01/97	789.67	06/30/97	789.67	-	-	-
6101	^ 07/23/97	499.30	^	-	-	-	499.30
6104	07/18/97	1,197.04	07/17/97	1,197.04	-	-	-
6105	^ 07/30/97	187.61	^	-	-	-	187.61
6106	07/30/97	462.64	07/29/97	462.64	-	-	-
6107	08/05/97	982.65	08/01/97	982.65	-	-	-
6108	08/13/97	411.02	08/12/97	411.02	-	-	-
6109	08/18/97	787.34	08/15/97	787.34	-	-	-
6110	09/08/97	197.63	09/05/97	197.63	-	-	-
6111	09/08/97	852.06	09/05/97	852.06	-	-	-
6231	09/10/97	675.00	09/09/97	675.00	-	-	-
6232	09/15/97	604.86	09/12/97	604.86	-	-	-
6232	09/23/97	676.32	09/19/97	676.32	-	-	-
6233	10/01/97	641.18	09/30/97	641.18	-	-	-
6234	10/09/97	396.12	10/07/97	396.12	-	-	-
6235	10/22/97	510.36	10/21/97	510.36	-	-	-
6250	11/17/97	576.30	11/14/97	576.30	-	-	-
6251	12/05/97	810.00	12/04/97	810.00	-	-	-
6252	12/22/97	776.12	12/19/97	776.12	-	-	-
6253	12/31/97	450.00	12/30/97	450.00	-	-	-
6305	04/13/98	558.00	04/10/98	558.00	-	-	-
6322	01/15/98	403.21	01/14/98	403.21	-	-	-
6327	01/16/98	303.21	01/08/98	303.21	-	-	-
6330	01/23/98	726.01	01/28/98	726.01	-	-	-
6331	02/09/98	312.68	02/06/98	312.68	-	-	-
6332	02/11/98	226.17	02/10/98	226.17	-	-	-
6333	02/20/98	433.26	02/19/98	433.26	-	-	-
6375	03/30/98	873.54	03/27/98	873.54	-	-	-
6401	05/26/98	1,994.73	05/22/98	1,994.73	-	-	-
6440	06/16/98	998.72	06/15/98	998.72	-	-	-
Subtotal for FY98		19,312.75		18,625.84	-	-	686.91
6500	08/18/98	838.56	08/14/98	838.56	-	-	-
6298	09/03/98	525.00	09/02/98	525.00	-	-	-
6520	09/17/98	838.56	09/16/98	838.56	-	-	-

Exhibit C

Report on Special Investigation of the
City of Halbur

Improper Checks Issued Using a Repeated Check Number
For the period July 1, 1995 through June 30, 2008

Per City's Bank Statements			Deposit to Ms. Bruch's Personal Accounts				
Check Number	Check Date	Amount	Deposit Date	Templeton Checking	WSSB Checking #1	WSSB Checking #2	Unknown
6574	02/11/99	275.00	02/10/99	275.00	-	-	-
6575	02/11/99	849.20	02/10/99	849.20	-	-	-
6607	01/08/99	858.56	01/07/99	858.56	-	-	-
6611	11/13/98	838.56	11/12/98	838.56	-	-	-
6669	05/06/99	2,643.54	05/05/99	2,643.54	-	-	-
6669	06/30/99	1,339.70	06/29/99	1,339.70	-	-	-
6679	04/15/99	1,000.00	04/14/99	1,000.00	-	-	-
6682	04/12/99	1,114.70	04/09/99	1,114.70	-	-	-
6686	03/12/99	1,439.70	03/11/99	1,439.70	-	-	-
6693	05/25/99	1,139.70	05/24/99	1,139.70	-	-	-
6708	06/10/99	936.90	06/09/99	936.90	-	-	-
Subtotal for FY99		14,637.68		14,637.68	-	-	-
6742	^ 09/13/99	40.00	^	-	-	-	40.00
6750	09/28/99	1,709.70	09/27/99	1,709.70	-	-	-
6751	10/22/99	2,300.00	10/21/99	2,300.00	-	-	-
6820	11/09/99	939.60	11/08/99	939.60	-	-	-
6848	12/13/99	2,556.27	12/10/99	2,556.27	-	-	-
6870	12/21/99	543.00	12/20/99	543.00	-	-	-
6924	02/23/00	860.10	02/22/00	860.10	-	-	-
6978	05/23/00	925.67	05/22/00	925.67	-	-	-
Subtotal for FY97		9,874.34		9,834.34	-	-	40.00
7779	01/10/03	1,001.10	01/09/03	1,001.10	-	-	-
Subtotal for FY03		1,001.10		1,001.10	-	-	-
8030	01/23/04	500.00	01/23/04	-	500.00	-	-
8059	01/26/04	549.76	01/21/04	549.76	-	-	-
8112	03/16/04	650.00	03/16/04	-	650.00	-	-
8120	03/24/04	536.78	03/24/04	-	536.78	-	-
8121	03/24/04	673.34	03/24/04	-	673.34	-	-
8123	05/05/04	397.80	05/05/04	-	397.80	-	-
8124	05/05/04	600.00	05/05/04	-	600.00	-	-
8135	04/14/04	2,153.62	04/14/04	-	-	2,153.62	-
8140	04/14/04	699.50	04/14/04	-	-	699.50	-
8177	05/13/04	97.81	05/13/04	-	97.81	-	-
8178	05/13/04	652.19	05/13/04	-	652.19	-	-
8182	06/03/04	893.13	06/08/04	893.13	-	-	-
8183	06/18/04	1,612.14	06/18/04	-	-	1,612.14	-
8186	06/18/04	387.86	06/18/04	-	-	387.86	-

Report on Special Investigation of the
City of Halbur

Improper Checks Issued Using a Repeated Check Number
For the period July 1, 1995 through June 30, 2008

Per City's Bank Statements			Deposit to Ms. Bruch's Personal Accounts				
Check Number	Check Date	Amount	Deposit Date	Templeton Checking	WSSB Checking #1	WSSB Checking #2	Unknown
8187	06/03/04	1,320.00	06/03/04	-	1,320.00	-	-
8188	05/17/04	247.96	05/17/04	-	247.96	-	-
8190	05/17/04	1,312.16	05/17/04	-	1,312.16	-	-
8190	06/22/04	290.00	06/22/04	-	290.00	-	-
Subtotal for FY04		13,574.05		1,442.89	7,278.04	4,853.12	-
8224	09/08/04	915.68	09/08/04	-	915.68	-	-
8225	09/08/04	411.32	09/08/04	-	411.32	-	-
8260	10/13/04	3,640.13	10/13/04	-	3,640.13	-	-
8263	10/20/04	1,000.00	10/20/04	-	1,000.00	-	-
8264	10/13/04	659.87	10/13/04	-	659.87	-	-
8279	10/05/04	958.78	10/05/04	-	958.78	-	-
8281	10/05/04	1,041.22	10/05/04	-	1,041.22	-	-
8290	11/22/04	294.02	11/22/04	-	294.02	-	-
8296	11/22/04	1,865.98	11/22/04	-	1,865.98	-	-
8297	11/16/04	978.12	11/16/04	-	978.12	-	-
8299	12/01/04	268.35	12/01/04	-	-	268.35	-
8300	11/12/04	1,635.00	11/10/04	1,635.00	-	-	-
8300	12/01/04	1,123.65	12/01/04	-	-	1,123.65	-
8304	11/05/04	250.00	11/05/04	-	250.00	-	-
8359	01/19/05	742.80	01/19/05	-	742.80	-	-
8360	01/19/05	569.87	01/19/05	-	569.87	-	-
8377	02/18/05	659.87	02/18/05	-	659.87	-	-
8387	02/18/05	321.12	02/18/05	-	321.12	-	-
8389	02/11/05	513.02	02/11/05	-	513.02	-	-
8390	02/11/05	236.98	02/11/05	-	236.98	-	-
8395	02/05/05	1,212.96	02/05/05	-	1,212.96	-	-
8396	02/05/05	550.29	02/05/05	-	550.29	-	-
8401	02/23/05	600.00	02/23/05	-	600.00	-	-
8410	03/11/05	589.67	03/11/05	-	589.67	-	-
8413	03/11/05	410.33	03/11/05	-	410.33	-	-
8416	03/03/05	450.00	03/03/05	-	450.00	-	-
Subtotal for FY05		21,899.03		1,635.00	18,872.03	1,392.00	-
Total		\$ 82,801.88		49,679.78	26,150.07	6,245.12	726.91

^ - Unable to trace to a deposit in Ms. Bruch's personal bank accounts.

Exhibit D

Report on Special Investigation of the
City of Halbur

Improper Disbursements by Counter Checks or Check Blanks
For the period July 1, 1995 through June 30, 2008

Per City's Bank Statements		Deposited to Ms. Bruch's Personal Accounts		
Date	Amount	Deposit Date	Templeton Checking	Unknown
07/19/96	\$ 5.00	#	-	5.00
10/15/96	6.50	#	-	6.50
10/16/96	253.16	#	-	253.16
10/29/96	550.00	#	-	550.00
11/12/96	650.00	#	-	650.00
11/14/96	500.00	#	-	500.00
11/26/96	550.00	#	-	550.00
12/05/96	375.00	#	-	375.00
12/12/96	1,000.00	#	-	1,000.00
01/02/97	500.00	#	-	500.00
01/09/97	747.60	#	-	747.60
01/14/97	1,272.06	#	-	1,272.06
01/27/97	611.43	#	-	611.43
02/20/97	709.20	02/18/97	709.20	-
02/27/97	273.60	02/26/97	273.60	-
03/04/97	861.37	03/03/97	861.37	-
03/07/97	170.00	03/05/97	170.00	-
03/26/97	660.78	03/28/97	660.78	-
04/04/97	876.48	04/03/97	876.48	-
04/14/97	780.89	04/11/97	780.89	-
04/23/97	202.64	04/21/97	202.64	-
05/01/97	827.79	04/29/97	827.79	-
05/13/97	1,389.32	05/12/97	1,389.32	-
05/15/97	470.31	**	-	470.31
05/28/97	1,453.07	05/27/97	1,453.07	-
Subtotal for FY97	15,696.20		8,205.14	7,491.06
06/26/98	838.56	06/15/98	838.56	-
Subtotal for FY98	838.56		838.56	-
09/03/98	810.00	09/02/98	810.00	-
10/05/98	800.00	10/02/98	800.00	-
10/09/98	450.00	10/08/98	450.00	-
12/15/98	938.56	12/14/98	938.56	-
12/23/98	1,038.56	12/22/98	1,038.56	-
Subtotal for FY99	4,037.12		4,037.12	-

Report on Special Investigation of the
City of Halbur

Improper Disbursements by Counter Checks or Check Blanks
For the period July 1, 1995 through June 30, 2008

Per City's Bank Statements		Deposited to Ms. Bruch's Personal Accounts		
Date	Amount	Deposit Date	Templeton Checking	Unknown
01/11/00	986.70	01/10/00	986.70	-
02/09/00	895.00	02/08/00	895.00	-
03/28/00	925.00	03/27/00	925.00	-
04/14/00	775.10	04/13/00	775.10	-
06/01/00	826.10	05/31/00	826.10	-
Subtotal for FY00	4,407.90		4,407.90	-
09/13/00	875.10	09/12/00	875.10	-
09/26/00	650.00	09/25/00	650.00	-
10/13/00	815.17	10/12/00	815.17	-
10/26/00	475.00	10/25/00	475.00	-
11/28/00	525.00	11/27/00	525.00	-
12/15/00	1,250.00	12/14/00	1,250.00	-
01/04/01	1,510.25	01/03/01	1,510.25	-
01/18/01	870.00	01/17/01	870.00	-
02/23/01	980.12	02/22/01	980.12	-
03/07/01	300.00	03/06/01	300.00	-
05/02/01	621.10	05/01/01	621.10	-
06/13/01	540.11	06/12/01	540.11	-
06/26/01	501.01	06/25/01	501.01	-
06/26/01	530.21	06/25/01	530.21	-
Subtotal for FY01	10,443.07		10,443.07	-
07/18/01	1,151.00	07/17/01	1,151.00	-
07/30/01	797.00	07/27/01	797.00	-
08/22/01	496.07	08/21/01	496.07	-
08/28/01	676.14	08/27/01	676.14	-
09/13/01	874.26	09/12/01	874.26	-
09/25/01	1,204.10	09/24/01	1,204.10	-
10/02/01	445.00	10/01/01	445.00	-
10/25/01	687.08	10/24/01	687.08	-
11/28/01	401.10	11/27/01	401.10	-
12/11/01	601.44	12/10/01	601.44	-
12/19/01	558.01	12/18/01	558.01	-
01/23/02	46.19	01/22/02	46.19	-
01/23/02	613.12	01/22/02	613.12	-
01/30/01	563.10	01/29/02	563.10	-
02/06/02	186.17	02/05/02	186.17	-

Exhibit D

Report on Special Investigation of the
City of Halbur

Improper Disbursements by Counter Checks or Check Blanks
For the period July 1, 1995 through June 30, 2008

Per City's Bank Statements		Deposited to Ms. Bruch's Personal Accounts		
Date	Amount	Deposit Date	Templeton Checking	Unknown
02/13/02	276.12	02/12/02	276.12	-
02/22/02	701.12	02/21/02	701.12	-
03/08/02	608.12	03/07/02	608.12	-
04/01/02	770.52	03/29/02	770.52	-
04/01/02	1,791.20	03/29/02	1,791.20	-
04/18/02	1,154.41	04/17/02	1,154.41	-
04/29/02	1,156.12	04/26/02	1,156.12	-
05/17/02	1,641.50	05/16/02	1,641.50	-
05/29/02	1,437.50	05/28/02	1,437.50	-
06/14/02	1,475.12	06/13/02	1,475.12	-
06/28/02	1,156.10	06/27/02	1,156.10	-
Subtotal for FY02	21,467.61		21,467.61	-
08/07/02	640.00	08/06/02	640.00	-
08/19/02	167.49	**	-	167.49
08/20/02	816.12	08/19/02	816.12	-
09/06/02	1,212.07	09/05/02	1,212.07	-
09/20/02	1,550.88	09/19/02	1,550.88	-
10/01/02	848.41	09/30/02	848.41	-
10/10/02	596.00	10/09/02	596.00	-
10/24/02	891.12	10/23/02	891.12	-
11/14/02	598.80	11/13/02	598.80	-
11/15/02	55.00	**	-	55.00
11/19/02	435.10	11/18/02	435.10	-
12/03/02	1,317.21	12/02/02	1,317.21	-
12/16/02	876.10	12/13/02	876.10	-
01/03/03	945.00	01/02/03	945.00	-
01/28/03	543.10	01/27/03	543.10	-
03/04/03	550.00	02/28/03	550.00	-
03/27/03	1,510.13	03/26/03	1,510.13	-
04/11/03	1,817.12	04/10/03	1,817.12	-
04/17/03	2,112.16	04/16/03	2,112.16	-
04/30/03	2,550.77	04/29/03	2,550.77	-
05/22/03	1,650.60	05/21/03	1,650.60	-
06/04/03	1,516.37	06/02/03	1,516.37	-
06/11/03	1,051.12	06/09/03	1,051.12	-
06/17/03	612.18	06/13/03	612.18	-
Subtotal for FY03	24,862.85		24,640.36	222.49

Report on Special Investigation of the
City of Halbur

Improper Disbursements by Counter Checks or Check Blanks
For the period July 1, 1995 through June 30, 2008

Per City's Bank Statements		Deposited to Ms. Bruch's Personal Accounts		
Date	Amount	Deposit Date	Templeton Checking	Unknown
07/22/03	375.00	07/21/03	375.00	-
08/12/03	925.18	08/11/03	925.18	-
08/21/03	353.12	08/20/03	353.12	-
09/05/03	812.13	09/04/03	812.13	-
09/17/03	3,113.16	09/16/03	3,113.16	-
09/23/03	26.38	**	-	26.38
09/30/03	1,543.12	09/29/03	1,543.12	-
10/09/03	840.84	10/08/03	840.84	-
10/15/03	916.19	10/14/03	916.19	-
10/29/03	830.65	10/27/03	830.65	-
11/13/03	561.17	11/12/03	561.17	-
11/21/03	1,875.12	11/19/03	1,875.12	-
12/05/03	1,110.12	12/04/03	1,110.12	-
12/16/03	1,029.12	12/15/03	1,029.12	-
01/08/04	1,132.63	01/07/04	1,132.63	-
01/22/04	601.00	01/21/04	601.00	-
01/26/04	450.24	**	-	450.24
01/28/04	50.00	**	-	50.00
04/28/04	1,611.00	04/26/04	1,611.00	-
06/10/04	1,001.13	06/08/04	1,001.13	-
06/17/04	1,005.00	06/15/04	1,005.00	-
Subtotal for FY04	20,162.30		19,635.68	526.62
09/24/04	765.00	09/23/04	765.00	-
01/11/05	3,200.00	01/07/05	3,200.00	-
Subtotal for FY05	3,965.00		3,965.00	-
	<u>\$ 105,880.61</u>		<u>97,640.44</u>	<u>8,240.17</u>

- Because records prior to February 1997 are not readily available, we are unable to determine if deposited in Ms. Bruch's personal bank accounts.

** - Unable to trace to a deposit in Ms. Bruch's personal bank accounts.

Report on Special Investigation of the
City of Halbur

Uncollected Investment Interest
For the period July 1, 1995 through June 30, 2008

CD #	Actual Investment Activity per Bank Statements					
	Maturity Date	Principal Amount	Term	Interest Rate	Interest Amount	Maturity Amount
7170	08/08/98	\$ 30,000.00	182 days	5.35%	\$ 800.30	30,800.30
7255	02/06/99	19,000.00	182 days	5.30%	502.12	19,502.12
7255	08/07/99	19,502.12	182 days	4.60%	447.32	19,949.44
7394	02/05/00	7,000.00	182 days	4.80%	167.54	7,167.54
7394	08/05/00	7,167.54	182 days	5.50%	196.57	7,364.11
7394	02/03/01	7,364.11	182 days	6.10%	223.99	7,588.10
7394	08/02/01	7,588.10	182 days	5.50%	205.81	7,793.91
7394	02/03/02	7,793.91	182 days	3.97%	130.68	-
	-	-	-	-	-	-
	Subtotal (1)				2,674.33	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8228	12/02/05	20,908.26	182 days	2.75%	286.70	21,194.96
14246	06/02/06	10,000.00	182 days	3.25%	162.05	10,162.05
14246	12/01/06	10,162.05	182 days	4.00%	202.68	10,364.73
14246	06/01/07	10,364.73	182 days	4.00%	206.73	10,571.46
14246	11/30/07	10,571.46	182 days	4.00%	210.85	10,782.31
14246	06/09/08	10,782.31	182 days	4.00%	215.06	10,997.37
	-	-	-	-	-	-
	Subtotal (2)				1,284.07	
	Total				\$ 3,958.40	

- (1) The Council instructed the proceeds of the CD be deposited to the City's checking account at maturity on August 5, 2002. However, Jill Bruch redeemed the CD on January 3, 2002.
- (2) The Council instructed Jill Bruch to purchase a CD on November 4, 2002. However, she did not purchase a CD for the City until December 2, 2005. When CD #8228 was purchased, the interest rate was slightly higher than what would have been available had a CD been purchased in November 2002 and reinvested at maturity every 6 months.

Council Expectations (Based on Minutes Review)						
Maturity Date	Principal Amount	Term	Interest Rate	Interest Amount	Maturity Amount	Uncollected Interest
08/08/98	\$ 38,500.00	182 days	5.35%	1,027.05	39,527.05	226.75
02/06/99	39,527.05	182 days	5.30%	1,044.60	40,571.65	542.48
08/07/99	40,571.65	182 days	4.60%	930.59	41,502.24	483.27
02/05/00	41,502.24	182 days	4.80%	993.32	42,495.57	825.79
08/05/00	42,495.57	182 days	5.50%	1,165.43	43,660.99	968.86
02/03/01	43,660.99	182 days	6.10%	1,328.01	44,989.01	1,104.02
08/02/01	44,989.01	182 days	5.50%	1,233.81	46,222.81	1,027.99
02/03/02	46,222.81	182 days	3.97%	915.01	47,137.82	784.33
08/05/02	47,137.82	182 days	2.50%	587.61	47,725.43	587.61
				9,225.43		6,551.10
11/04/02	Date Council instructed investment.					
05/05/03	20,000.00	182 days	2.25%	224.38	20,224.38	224.38
11/03/03	20,224.38	182 days	1.80%	181.52	20,405.90	181.52
05/03/04	20,405.90	182 days	1.60%	162.80	20,568.70	162.80
11/01/04	20,568.70	182 days	1.60%	164.10	20,732.80	164.10
05/02/05	20,732.80	182 days	1.60%	165.41	20,898.21	165.41
10/31/05	20,898.21	182 days	2.50%	260.51	21,158.72	(26.19)
05/01/06	21,158.72	182 days	3.25%	342.89	21,501.61	180.83
10/30/06	21,501.61	182 days	4.00%	428.85	21,930.46	226.17
04/30/07	21,930.46	182 days	4.00%	437.41	22,367.87	230.68
10/29/07	22,367.87	182 days	4.00%	446.13	22,814.00	235.28
04/28/08	22,814.00	182 days	4.00%	455.03	23,269.03	239.97
10/27/08	23,269.03	182 days	2.25%	261.06	23,530.09	261.06
				3,530.09		2,246.02
				12,755.52		8,797.12

Report on Special Investigation of the
City of Halbur

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Jennifer Campbell, CPA, Senior Auditor II
Melissa J. Knoll-Speer, Senior Auditor
Brian P. Schenkelberg, CPA, Staff Auditor

A handwritten signature in black ink that reads "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

Appendices

Report on Special Investigation of the
City of Halbur

Copies of Selected Improper Checks Payable to Jill Bruch

TOWN OF HALBUR TO THE TREASURER P.O. BOX 32 HALBUR, IA 51444		8515 72-1358 739	
WESTSIDE STATE BANK WESTSIDE, IA 51467			
PAY	one thousand eight hundred thirty five ¹³ / ₁₀₀ DOLLARS		
TO THE ORDER OF	Jill Bruch	DATE	CHECK NO.
		6-30-05	8515 1835 13
(wages 335.13, ^{reimbursement} office supplies)		Jill Bruch	
⑈008515⑈		⑈0000183513⑈	
008515	07/05/2005	1835.13	

IOWA SAVINGS BANK TERMINAL # 10178 JUL 01 2005 0730-0000 07052005	Jill Bruch
008515	07/05/2005
1835.13	

Report on Special Investigation of the
City of Halbur

Copies of Selected Improper Checks Payable to Jill Bruch

TOWN OF HALBUR
TO THE TREASURER
P.O. BOX 32
HALBUR, IA 51444

WESTSIDE STATE BANK
WESTSIDE, IA 51467

8584
72-1358
739

PAY Six hundred fifty three & 12/100 DOLLARS

TO THE ORDER OF Jill Bruch

(Supplies & labor)

DATE 9-20-05 CHECK NO. 8584 653 12

Jill Bruch

008584 [REDACTED] 0000065312

008584 09/23/2005 653.12

IOWA SAVINGS BANK
SEP-23-2005
TERMINAL 07
= 1917 PK=29

Jill Bruch

008584 09/23/2005 653.12

Report on Special Investigation of the
City of Halbur

Copies of Selected Improper Checks Payable to Jill Bruch

TOWN OF HALBUR
TO THE TREASURER
P O BOX 32
HALBUR, IA 51444

8586

WESTSIDE STATE BANK
WESTSIDE IA 51457

72-1358
739

PAY Twelve hundred twelve 18/100 18 DOLLARS

TO THE ORDER OF Jill Bruch

DATE	CHECK NO
9-29-05	8586

1912.18

⑈008586⑈

⑈0000191218⑈

008586 09/29/2005 1912.18

OWA SAVINGS BANK
TERMINAL 401076
SEP 28 2005

04515 70014
0730-0005 B

008586 09/29/2005 1912.18

Appendix 1

Report on Special Investigation of the
City of Halbur

Copies of Selected Improper Checks Payable to Jill Bruch

This is a LEGAL COPY of your check. You can use it the same way you would use the original check.

06/12/2006

TOWN OF HALBUR
TO THE TREASURER
P.O. BOX 32
HALBUR, IA 51444

8795

WESTBANK STATE BANK
WESTBANK STATE BANK

PAY For kindred charity fund 49% DOLLARS

TO THE ORDER OF J. Bruch

DATE 6-10-06 CHECK NO. 8795 AMOUNT 425.97

J. Bruch

008795

008795 06/13/2006 425.97

008795

06/13/2006

425.97

008795

06/13/2006

425.97

Do not endorse or write below this line.

Report on Special Investigation of the
City of Halbur

Copies of Selected Improper Checks Payable to Jill Bruch

TOWN OF HALBUR
TO THE TREASURER
P.O. BOX 32
HALBUR, IA 51444

WESTSIDE STATE BANK
WESTSIDE, IA 51467

9409
72-1358
739

PAY Five hundred ninety six & 79/100 DOLLARS

TO THE ORDER OF Jill Bruch

DATE	CHECK NO.	AMOUNT
5-10-08	9409	596.79

grants (197.12) classes (850.00)
(remittance - 1st payment of this exp)

Jill Bruch

⑈009409⑈

009409 05/14/2008 596.79

Jill Bruch

009409 05/14/2008 596.79

**Report on Special Investigation of the
City of Halbur**

Report on Special Investigation of the
City of Halbur

Copies of Selected Counter Checks Issued by Jill Bruch

Halbur, Iowa 10/25/00

Templeton Savings Bank

Pay to the order of Jill Bruch \$475.00

Four hundred seventy five and 00/100 Dollars

For deposit only [Redacted] Jill Bruch

[Redacted]

⑈0000047500⑈

10001715 5 5 28 TEMPLETON SAVINGS BANK

18-447-2325 0000022819

TEMPLETON, IOWA 52243

[Redacted]

Jill Bruch

Halbur, Iowa 6/21/01

Templeton Savings Bank

Pay to the order of Jill Bruch \$501.01

Five hundred one and 01/100 Dollars

For deposit only [Redacted] Jill Bruch Farm

[Redacted]

⑈0000050101⑈

10001715 5 5 28 TEMPLETON SAVINGS BANK

18-447-2325 0000022819

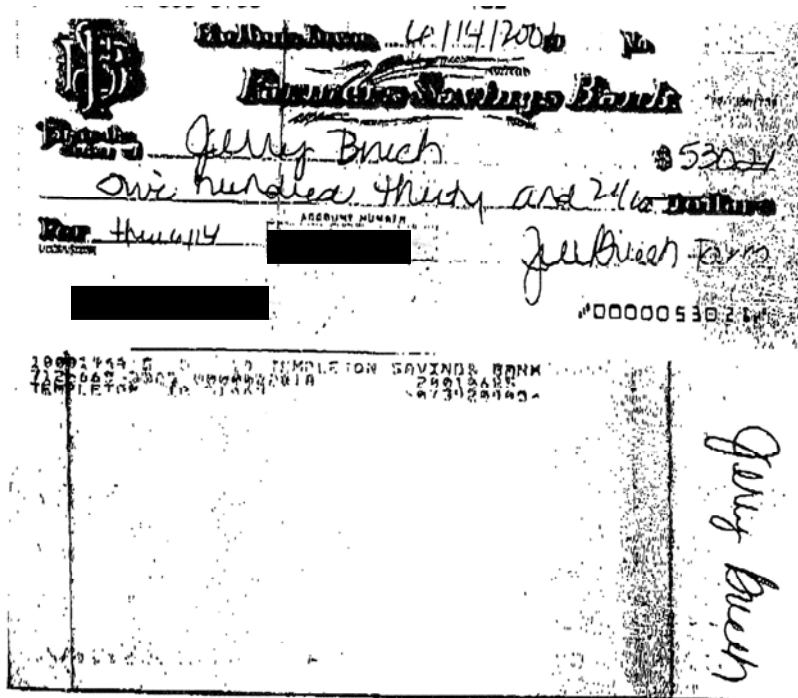
TEMPLETON, IOWA 52243

[Redacted]

Jill Bruch

Report on Special Investigation of the
City of Halbur

Copies of Selected Counter Checks Issued by Jill Bruch



Report on Special Investigation of the
City of Halbur

Copies of Selected Counter Checks Issued by Jill Bruch

10-7-03

Farmer's Savings Bank 72-1254750

Jill Bruch

Five hundred ninety one and 00/100 **\$ 591.00**

For *cash* **transfer** *Jill Bruch*

ACCOUNT NUMBER [REDACTED]

0000058800

10-7-03 5 15 TEMPLETON SAVINGS BANK
72-1254750 20021007
73420105

Jill Bruch

Halbur, Iowa 9-24-03 20

Farmer's Savings Bank 72-1254750

Jill Bruch

Eight hundred forty three and 12/100 **\$ 843.12**

For *cash* **transfer** *Jill Bruch Farm*

ACCOUNT NUMBER [REDACTED]

0000054312

10-7-03 5 15 TEMPLETON SAVINGS BANK
72-1254750 20021007
73420105

Jill Bruch

Report on Special Investigation of the
City of Halbur

Copies of Cashier's Checks and City Deposit Slip

TEMPLETON SAVINGS BANK
TEMPLETON, IOWA 51463

41618

72-2040/739
002010

REMITTER Gary and Betty Venteicher May 25, 2005

PAY TO THE ORDER OF Jill Bruch \$ 80,783.06

THIS DOCUMENT HAS A MICRO-PRINT SIGNATURE LINE, WATERMARK AND A THERMOCHROMIC ICON; ABSENCE OF THESE FEATURES WILL INDICATE A COPY

TEMPLETON SAV. 00783 DOLLARS 06 CTS
72 BANK 2040

CASHIER'S CHECK

TWO SIGNATURES REQUIRED ON CHECKS OVER \$500.00

William J. Horlach AN AUTHORIZED SIGNATURE
Tom Horbach AN AUTHORIZED SIGNATURE

MP MP

0008078306

18
71
TE

15 TEMPLETON SAVINGS BANK
2040
>078306465<

51463

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION ONLY.

ENDORSE HERE
X
Jill Bruch

• FEDERAL RESERVE BOARD OF GOVERNORS REG. CC

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Report on Special Investigation of the
City of Halbur

Copies of Cashier's Checks and City Deposit Slip

TEMPLETON SAVINGS BANK
TEMPLETON, IOWA 51863

41633

72-2040739
002010

REMITTER Jill Bruchs

PAY TO THE ORDER OF Farmers Savings Bank

THIS DOCUMENT HAS A MICRO-PRINT SIGNATURE LINE, WATERMARK AND A THERMOGRAPHIC INK. ABSENCE OF THESE FEATURES WILL INDICATE A COPY.

TEMPLETON SAV. 60546.08
72 BANK 20401

CASHIER'S CHECK

JUN - 2 2005

\$ 60,546.08

DOLLARS

TWO SIGNATURES REQUIRED ON CHECKS OVER \$500.00

AN AUTHORIZED SIGNATURE

AN AUTHORIZED SIGNATURE

0006054608

