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Auditor of State David A. Vaudt today released a report on a special investigation of Jasper County Transit (JCT), which took over the operation of transportation services to people in the Jasper County area, including the disabled and elderly, on April 1, 2004. The special investigation was requested by the Jasper County Attorney as a result of concerns identified by the Auditor of State during preliminary fieldwork for a financial audit of JCT. Upon notification of the upcoming audit, JCT's Board of Directors requested cancellation of the audit due to the entity's pending close of business. JCT subsequently ceased operations effective April 1, 2006. The report covers the full period of JCT's operations, April 1, 2004 through April 1, 2006.

Vaudt reported the special investigation identified \$153,597.31 of undeposited collections, improper disbursements and unsupported disbursements. The \$153,597.31 includes \$105,314.40 of improper disbursements, \$21,731.29 of undeposited collections and \$26,551.62 of unsupported disbursements. Of the \$153,597.31 identified, \$108,355.07 and \$15,325.16 is attributable to actions taken by the former Executive Director, Mark Ackerman, and the former bookkeeper, Susan Reese, respectively. In addition \$11,114.74 is attributable to actions taken by a member of JCT's Board of Directors, Ray Sprague.

The undeposited collections include \$12,907.29 in daily fares, \$3,604.00 of collections from grants and contracts and \$3,800.00 of cash withheld from deposits.

The improper disbursements include cash withdrawals from JCT's bank accounts, checks written for cash, transfers into Ms. Reese's personal bank account and reimbursements to JCT employees. The improper disbursements also include \$14,143.58 paid to a consulting company

(MKBN) owned and operated by Mr. Ackerman and his wife, \$5,930.00 to a sod company (Century Sod) owned by a Board Member and a number of purchases of a personal nature. Some of the improper disbursements identified are listed in the following table.

Improper Disbursements	Amount
Cash withdrawals	\$ 7,660.00
Cashed checks	22,530.00
Payroll advances	1,296.50
Improper reimbursements	10,800.28
Transfer to personal account	910.75
Payments to MKBN	14,143.58
Payments to Century Sod	5,930.00
Charges and fees	3,548.68
Personal expenses	38,494.61
	<u>\$ 105,314.40</u>

The unsupported disbursements of \$26,551.62 include purchases at Wal-Mart for which receipts could not be obtained, payments to JCT employees and Christmas bonuses provided to the employees.

Copies of the report have been filed with the Jasper County Sheriff's Office, the Division of Criminal Investigation, the Jasper 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
JASPER COUNTY TRANSIT
FOR THE PERIOD
APRIL 1, 2004 THROUGH APRIL 1, 2006**

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Auditor of State's Report

To Members of the Jasper County
Board of Supervisors:

At the request of the Jasper County Attorney, we conducted a special investigation of Disability Transportation and Accessibility, Inc., also known as Jasper County Transit (JCT), a non-profit organization providing transportation to people in the Jasper County area, including disabled and elderly patrons. We have applied certain tests and procedures to selected financial transactions of JCT for the period April 1, 2004 through April 1, 2006. Because not all records were available, we were not able to perform all procedures for the entire period. Based on discussions with JCT personnel and a review of relevant information, we performed the following procedures for the period of our review, unless otherwise specified:

- (1) Evaluated internal controls to determine if adequate policies and procedures were in place and operating effectively.
- (2) Reviewed and examined bank statements for JCT's checking and savings accounts to identify any unusual activity, including cash withdrawals and overdraft fees. We also examined copies of certain checks, withdrawal documents, deposit slips and related documents for propriety.
- (3) Scanned all disbursements and examined selected transactions to determine if they were for appropriate purposes, were reasonable and were supported by adequate documentation.
- (4) Obtained invoices or other supporting documentation from selected vendors or information to determine if payments were appropriate.
- (5) Examined records seized by representatives of the Jasper County Sheriff's Office from the JCT business office and the residences of JCT's Executive Director, Mark Ackerman, and JCT's bookkeeper, Susan Reese. Mr. Ackerman and Ms. Reese were also voting members of JCT's Board of Directors.
- (6) Examined Board minutes and financial reports presented during Board meetings to identify any significant actions.
- (7) Examined activity recorded in JCT's accounting records to determine completeness of supporting documentation and to reconcile against bank statements, client revenue confirmations and vendor receipts.
- (8) Compared collections recorded on monthly income sheets to subsequent bank deposits for the period April 1, 2004 through June 30, 2005 to determine if collections were properly deposited.

- (9) Confirmed collections received from primary revenue sources to determine if they were properly deposited to JCT's accounts.
- (10) Obtained and reviewed bank statements for certain bank accounts held by the Executive Director. Specifically, we analyzed bank activity for the period March 4, 2004 through September 30, 2004 in an account held in the name of MKBN Services, Inc., a business owned by Mr. Ackerman. We also reviewed the bank account activity of Karen Ackerman, Mr. Ackerman's wife, for the period March 4, 2004 through April 3, 2006.
- (11) Examined payroll disbursements to JCT staff to determine if the payments were appropriate.
- (12) Reconciled documentation of rides provided and tickets issued to bank deposits for the period June 1, 2004 through October 31, 2005.

Vaudt reported the special investigation identified \$153,597.31 of undeposited collections, improper disbursements and unsupported disbursements. The \$153,597.31 is composed of the following categories:

- \$21,731.29 of undeposited collections. Of this amount, \$12,907.29 was daily fares, \$3,604.00 was from grants and contracts and \$3,800.00 was cash withheld from deposits.
- \$105,314.40 of improper disbursements. Of this amount, \$7,660.00 was disbursed as cash withdrawals, \$22,530.00 of checks were written to banks for cash, \$10,800.28 was distributed to JCT employees as reimbursements, \$14,143.58 was paid to a consulting company owned and operated by Mr. and Mrs. Ackerman and \$5,930.00 paid to a sod company owned by a Board Member.
- \$26,551.62 of unsupported disbursements. Of this amount, \$17,475.46 was disbursed to JCT employees and \$600.00 was to be paid to employees for a Christmas bonus.

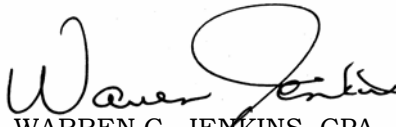
We are unable to determine whether additional amounts may have been improperly disbursed or if additional collections were not properly deposited during the period of our investigation because adequate records were not available. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A through J** 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 Jasper County Transit, other matters may have come to our attention that would have been reported to you.

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

We would like to acknowledge the assistance extended to us by officials and personnel of Jasper County Transit, the Jasper County Sheriff's Office and the Jasper County Attorney's Office during the course of our investigation.


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

Jasper County Transit
Investigative Summary

Background Information

Disability Transportation and Accessibility, Inc., also known as Jasper County Transit (JCT), was a non-profit organization based in Newton, Iowa which provided public transportation to all riders in the Jasper County area, which included elderly and disabled patrons. According to the Executive Director, JCT provided 4,000 to 5,000 rides each month between April 2004 and April 2006.

Prior to April 1, 2004, Five Oaks provided transportation services in Jasper County. Effective April 1, 2004, JCT assumed responsibility for operation of the transportation services. JCT continued to provide transportation services until it closed on April 1, 2006. After JCT's operations closed, Heartland Senior Services began providing transportation services to Jasper County area residents.

Mark Ackerman was JCT's Executive Director for the full term of JCT's operations from April 1, 2004 through April 1, 2006. According to the Articles of Incorporation, JCT was governed by a 4 member Board of Directors. Mr. Ackerman also confirmed the Board was composed of 4 members. However, during our review of Board minutes, we identified 5 individuals who served as Board members. The Board members we identified from the minutes and the various positions they held are listed below. The Board minutes we reviewed document Board members held 1 or more positions, but the minutes did not document when Board members changed positions.

- Ray Sprague - President/Vice-President
- Mark Ackerman - Vice President
- Gerald Ackerman – Secretary-Treasurer/President
- Susan Reese - voting member/Secretary-Treasurer
- Rod Roose - voting member

According to Board meeting minutes, Rod Roose joined the Board on November 28, 2005. None of the Board minutes we reviewed documented a specific member's resignation. As a result, we were unable to determine terms of the various members.

As the Executive Director and Vice President of the Board, Mr. Ackerman had unrestricted access to JCT's accounting records and finances. There was no evidence of oversight or internal controls through authorization procedures or Board approval requirements. We were not able to obtain a formal job description detailing Mr. Ackerman's responsibilities. However, based on information collected during interviews with JCT staff and Mr. Ackerman, his duties included:

- preparing reports required to receive government funding,
- maintaining the operating budget,
- opening JCT's mail (including checks),
- posting entries to the accounting system,
- billing customers,
- paying bills,
- preparing payroll and
- submitting payroll taxes and compliance reports to the State of Iowa and the Internal Revenue Service.

As previously stated, Susan Reese was a voting member of the Board. She was also JCT's bookkeeper and had unrestricted access to JCT's accounting records and finances. Ms. Reese was authorized to sign checks issued from JCT's bank accounts. We were not able to obtain a formal job description detailing Ms. Reese's responsibilities. However, based on information collected during interviews with JCT staff and review of JCT documentation, her duties included:

- billing customers,
- paying bills and
- preparing and signing payroll checks.

JCT's operations were primarily funded with receipts from the Medicaid Home and Community Based Services (HCBS) waivers program, Jasper County and surrounding counties and the Heart of Iowa Regional Transit Agency (HIRTA). JCT also received payments from care centers and individuals for providing transportation services. The amounts deposited to JCT's bank accounts from various funding sources from April 1, 2004 through April 1, 2006 have been summarized in **Table 1**.

Table 1	
Funding Source	Amount
Medicaid funding	\$ 185,228.00
County funding	128,505.52
HIRTA	114,419.08
Aging Resources of Central Iowa	40,037.00
Care centers	37,622.50
Individuals	19,949.50
City of Newton	21,000.00
State of Iowa	13,639.00
Miscellaneous	48,772.45
Total	<u>\$ 609,173.05</u>

As illustrated by the **Table**, the majority of JCT's collections were from Medicaid HCBS waiver program, counties and HIRTA. The HCBS waiver program is funded by the Federal government and provides elderly and disabled Medicaid-eligible clients services to aid in keeping clients in their homes. Transportation services are included in the program. Funding was also provided by several counties on behalf of income-eligible patrons receiving services from JCT and HIRTA provided state and Federal Public Transit Assistance funds to JCT as the service provider for Jasper County. As illustrated by the **Table**, other funding sources included Aging Resources of Central Iowa (Aging Resources) to serve elderly patrons, care centers, individuals, the City of Newton and miscellaneous other sources, including USA Healthcare and cash deposits. According to JCT staff members we spoke with, when JCT experienced cash flow difficulties, certain Board members provided loans to JCT so operations could continue.

As stated previously, the amounts summarized in **Table 1** include only the amounts deposited to JCT bank accounts. Because only limited financial records were available from JCT, we were unable to determine if all collections received by JCT were properly deposited.

JCT used 3 bank accounts, including checking and savings accounts at First Newton National Bank (FNNB) and a checking account at Security State Bank (SSB). According to Mr. Ackerman, the checking account at FNNB was used to account for JCT's general operations. The SSB checking account was used to track funds received for participating in the HCBS waiver program. According to Mr. Ackerman, general expenses of JCT may have occasionally been paid directly

from the checking account held with SSB. However, if funds were needed from the SSB account, money was typically transferred to the account held with FNNB. Mr. Ackerman stated JCT's bank accounts were reconciled monthly by Ms. Reese. However, there was no supporting documentation to verify monthly bank reconciliations were performed.

Jasper County's Board of Supervisors requested a financial audit of JCT for the period April 1, 2004 through June 30, 2005. According to minutes of the January 3, 2006 meeting, the Jasper County Board of Supervisors had asked Mr. Ackerman to procure an audit of JCT several months prior to the meeting, but Mr. Ackerman had not yet arranged for the audit. As a result, Board members decided to request an audit of JCT.

The minutes also document HIRTA, Aging Resources and the City of Newton agreed to withhold funding from JCT until completion of the audit. The Board of Supervisors subsequently requested the Office of Auditor of State perform an audit of JCT. As a result, we conducted preliminary fieldwork at JCT on February 8, 2006 and arranged with JCT representatives to return for further fieldwork on March 15, 2006. However, it became apparent adequate records were not available to conduct a financial audit of JCT's financial statements.

On March 14, 2006, a day before audit fieldwork was scheduled to resume at JCT, Ray Sprague, JCT's Board President, requested cancellation of the audit because JCT intended to cease operations effective April 1, 2006. According to Mr. Sprague, the closure was necessary because business liabilities were expected to exceed revenues as a result of rising liabilities and decreasing revenues because of funding withdrawals by the City of Newton, Aging Resources and HIRTA. **Appendix 1** includes a copy of Mr. Sprague's e-mail requesting cancellation of the audit.

Due to lack of adequate documentation and concerns identified as a result of JCT's cessation of operations, we met with the Jasper County Attorney. The Jasper County Attorney requested a special investigation of JCT. On May 16, 2006, the Jasper County Sheriff's office executed a search warrant for JCT's office and the personal residences of Mr. Ackerman and Ms. Reese. As a result of the request for a special investigation, we performed procedures detailed in the Auditor of State's Report for the period April 1, 2004 through April 1, 2006.

Detailed Findings

These procedures identified \$153,597.31 of undeposited collections, improper disbursements and unsupported disbursements. The \$153,597.31 is composed of the following categories:

- \$21,731.29 of undeposited collections. Of this amount, \$12,907.29 was daily fares, \$3,604.00 was from grants and contracts and \$3,800.00 of cash was withheld from deposits.
- \$105,314.40 of improper disbursements. Of this amount, \$7,660.00 was disbursed as cash withdrawals, \$22,530.00 of checks were written to banks for cash, \$10,800.28 was distributed to JCT employees as reimbursements and \$14,143.58 was paid to a consulting company owned and operated by Mr. and Mrs. Ackerman.
- \$26,551.62 of unsupported disbursements. Of this amount, \$17,475.46 was disbursed to JCT employees and \$600.00 was to be paid to JCT employees as a Christmas bonus.

We are unable to determine whether additional amounts may have been improperly disbursed or if additional collections were not deposited during the period of our investigation because adequate records were not available.

Table 2 summarizes the amounts attributable to actions taken by Mr. Ackerman, Ms. Reese, Mr. Sprague and other JCT employees. Of the \$108,355.07 attributable to Mr. Ackerman, the documentation for some of the transactions clearly show Mr. Ackerman authorized or was otherwise involved in the transaction. The documentation for the other transactions attributable to Mr. Ackerman does not clearly document who authorized the transaction. However, because

Mr. Ackerman was responsible for the overall operations of JCT and took an active role in the financial operations, we have attributed those transactions to Mr. Ackerman.

Table 2

Summary of Findings	Mark Ackerman	Susan Reese	Ray Sprague	Other JCT Employees	Total
Undeposited Collections	\$ 21,731.29	-	-	-	21,731.29
Improper Disbursements	77,547.62	15,325.16	11,114.74	1,326.88	105,314.40
Unsupported Disbursements	9,076.16	-	-	17,475.46	26,551.62
Subtotal	108,355.07	15,325.16	11,114.74	18,802.34	153,597.31
Less: Offsets	14,131.34	749.51	-	-	14,880.85
Total	\$ 94,223.73	14,575.65	11,114.74	18,802.34	138,716.46

All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

UNDEPOSITED COLLECTIONS

As previously stated, JCT's primary revenue sources included the HCBS waiver program, Jasper and surrounding counties, HIRTA and Aging Resources. Funds were also received from care centers, individuals, the City of Newton and other State programs. Some of the amounts paid to JCT were electronically deposited to JCT's bank accounts. Other amounts were collected by JCT drivers or at the JCT office.

Some of the funding received was based on rates and fees established by the programs, such as the HCBS waiver. Other funding was based on contracts JCT established with local agencies, such as care centers. In addition, various fares were established by JCT. JCT established a fare structure that included daily fares, "VIP Passes" and "Freedom Passes", which allowed a specified number of rides per customer for a discounted rate.

Because records at JCT were not complete, we subpoenaed the monthly statements for JCT's bank accounts at FNNB and SSB. We identified significant variances between the receipt records available at JCT and amounts deposited to JCT's bank accounts. Additional information for each type of collection for which we identified a concern is provided in the following paragraphs.

Collections by Drivers – During their daily bus routes, JCT drivers collected fares from customers who were not eligible to receive transportation services under a program or contract established by JCT. Drivers were to record all collections on a log sheet which was to document if the collection was cash or check. Upon completion of the daily route, drivers turned in the log sheets and collections to the JCT office staff. The office staff reconciled the collections to the log sheets before posting them to the accounting system. The collections were kept in a cash drawer at the JCT office until deposited to the bank or until used to pay miscellaneous business expenses.

The log sheets prepared by the drivers for April 2004 through September 2004 could not be located at JCT. Based on our review of the available log sheets, most of the fares collected by the drivers were paid in cash. During our review of JCT's bank account activity at SSB and FNNB, we identified a significant decrease in cash deposits from October 2004 through March 2006. Cash deposits for April 2004 through September 2004 averaged \$815.47 per month. However, for the 18-months between October 2004 and March 2006, average cash deposits dropped to \$305.10 per month.

The funding JCT received from Jasper County, HIRTA and Aging Resources was based on the number of riders. Representatives of Jasper County, HIRTA and Aging Resources confirmed to us the amounts paid to JCT during the period of our investigation. Based on information provided by these entities, the amounts paid to JCT were consistent from April 2004 through June 2005. Because the amounts paid to JCT by these funding sources are based on the number of riders and the amount of funding did not decrease, it appears the number of riders did not decrease beginning in October 2004 when cash deposits decreased.

As previously stated, by reviewing the daily log sheets prepared by the drivers, we determined most fares collected were paid in cash. To determine if the fares collected by the drivers were properly deposited to JCT's bank accounts for the period daily log sheets were available, we compared the log sheets to deposit documents obtained from the bank. We were able to trace payments made with checks to their deposit in JCT's bank account. However, we were unable to trace the cash collections to deposits in JCT's bank account. After eliminating deposits received from other sources, we determined the cash deposits made to JCT's bank accounts were less than the cash collections recorded by the drivers.

According to JCT staff members we spoke with, some of the cash submitted to the JCT office by the drivers was used to pay JCT expenses rather than issuing a check. The cash payments were made by or in accordance with Mr. Ackerman's instructions. Using the limited documentation available for the payments made from the cash held at the JCT office, we identified \$5,890.54 of expenses paid with cash. However, \$567.90 of those expenses was not supported by appropriate documentation. Some of the expenses paid in cash were supported by handwritten notes. However, the notes were not adequate to verify the purpose of the cash drawer withdrawals and supporting documentation, such as a receipt or invoice, was not attached. As a result, we determined only \$5,322.64 of the expenses paid with cash were supported. **Table 3** lists the cash disbursements which were not supported by appropriate documentation.

Table 3		
Date	Description on Handwritten Note	Amount
11/XX/04^	Paid \$10.00 – Vern	\$ 10.00
06/22/05*	Mark gave Vern \$50.00 for parts. Vern also took out \$30.00.	80.00
06/28/05*	Vern owes Mark \$5.58. Took \$10.00 out for parts, receipt for \$4.42 for NAPA. Rest spent for cigs [cigarettes].	5.58
06/15/05	\$20.00 out – Vern B. Parts?	20.00
10/06/05*	\$42.00 – Todd – out of money given to me from Mark. \$30.00 out of cash box.	72.00
05/18/05*	Vern took \$5.00 – Supposed to have \$187.50 – only have \$57.00	130.50
05/XX/05^	\$38.00 to Jerry - \$38.00 to Kyle	76.00
05/10/05	Vern took \$25.00 out of cash box - \$3.82 (invoice support attached showed actual cost of \$21.18 from NAPA.	3.82
05/17/05*	Should have had \$295.00 from last time I posted – had \$125.00. I'm assuming someone took out the other \$170.00. 5/13 – 5/17 [signed – Rhonda]	170.00
Total		<u>\$ 567.90</u>

* - Year of receipt was not documented. We determined year based on dated receipts located before and after note in cash drawer.

^ - Date was not documented. We estimated month of disbursement based on receipts located before and after note in cash drawer.

Table 4 summarizes the cash collections which were not properly deposited or supported as a cash disbursement for JCT operations for the period October 2004 through March 2006. As illustrated by the **Table**, using the daily log sheets available, we determined \$45,971.41 was collected by the drivers. However, only \$27,741.48 of cash and checks were deposited to the bank

for the same period for which daily log sheets were available. In addition, we identified \$5,322.64 of supported JCT expenses paid in cash for the same period. As a result, we determined \$12,907.29 of daily fares was not properly deposited to the bank.

Table 4

Description	Amount
Total Daily Fare Receipts	\$ 45,971.41
Less: Checks deposited	(22,249.66)
Cash deposited	(5,491.82)
JCT expenses paid with cash	(5,322.64)
Undeposited collections	\$ 12,907.29

The \$12,907.29 of undeposited daily fare collections is included in **Exhibit A**. Because the daily log sheets prepared by the drivers from April 2004 through September 2004 could not be located and we identified inaccuracies on the daily cash flow reports, such as missing daily log sheet entries, we were unable to determine if additional fares collected were not properly deposited.

Collections by Office Staff – JCT sold “VIP Passes” and “Freedom Passes” which allowed purchasers to ride a specified number of times at a discounted fare. The passes were sold by JCT office staff. The office staff were also responsible for processing collections received through the mail.

Office staff recorded collections received at the JCT office on an “Invoice Log Sheet.” The log sheet included the amount collected, date, customer and whether the payment was a check or in cash. The log sheets prepared by JCT office staff were only available for the period July 2005 through March 2006. We compared the log sheets to amounts deposited to JCT’s bank accounts. **Table 5** lists the collections recorded by JCT office staff which were not subsequently deposited to the bank. As illustrated by the **Table**, each of the payments was made in cash.

Table 5

Date	Customer	Form of Payment	Amount
09/05/05	Jeff Braaksma	cash	\$ 200.00
10/27/05	Heritage Manor	cash	250.00
10/27/05	Heritage Manor	cash	170.00
02/24/06	Heritage Manor	cash	300.00
Total			\$ 920.00

Because the log sheets were only available for the period July 2005 through March 2006, we are unable to determine if additional collections were received but were not subsequently deposited. The \$920.00 of undeposited collections is included in **Exhibit A**.

Collections from Grants and Contracts – Mr. Ackerman provided us with a list of funding sources for JCT for the period of our investigation. The list included cities, counties and government-funded programs. Because we were unable to determine the accuracy of information on the report, we requested confirmations from 30 entities which reportedly provided funding to JCT, and we received 27 responses. We compared the information from the 27 responses received to deposits to JCT’s bank accounts to determine if the amounts paid by the entities were properly deposited. With the exception of 2 entities, information from the confirmations agreed with the bank deposits. However, the information provided by Heritage Manor and the State of Iowa

included more than the amounts deposited to JCT's accounts. **Table 6** compares the confirmed payments to JCT to the amounts deposited to JCT's bank accounts. Additional information about the payments made by Heritage Manor and the State of Iowa is included in the paragraphs following the **Table**.

Table 6

Source	Amount Confirmed	Amount Deposited	Difference
a) Heritage Manor	\$ 3,081.00	2,937.00	144.00
b) State of Iowa	17,099.00	13,639.00	3,460.00
Total	\$ 20,180.00	16,576.00	3,604.00

- a) As illustrated by the **Table**, Heritage Manor's records show total checks to JCT of \$3,081.00. However, JCT only deposited \$2,937.00 from Heritage Manor, leaving \$144.00 undeposited. As illustrated by **Table 5**, JCT also received cash payments from Heritage Manor. A representative of Heritage Manor we spoke with also stated additional payments may have been made in cash. According to a JCT employee we spoke with, Mr. Ackerman began requiring Heritage Manor at some point to pay for transportation services in cash because they were delinquent on their account. The Heritage Manor representative was not able to determine the total amount of cash payments made to JCT. As a result, we are unable to determine if any additional cash payments were not properly deposited.
- b) The payments to JCT from the State of Iowa were issued by the Departments of Human Services and Vocational Rehabilitation. We obtained copies of the redeemed warrants and determined the ones which were properly deposited to JCT's bank accounts all were stamped "For Deposit Only."

Table 7 summarizes the 5 State warrants totaling \$3,460.00 which were not deposited to JCT's accounts. We reviewed copies of each warrant and determined each of the warrants was issued to Disability Transportation Accessibility (dba JCT). In addition, as illustrated by the **Table**, we identified which JCT employee endorsed the warrant.

Table 7

Warrant Date	Warrant Number	Date Redeemed	JCT Endorsement	Amount
12/17/04	61309922	12/27/04	MA	\$ 40.00
12/14/04	61303298	12/27/04	MA	795.00
06/09/05	61582548	6/14/05	MA	1,630.00
10/04/05	61767241	10/12/05	SR	530.00
12/05/05	61888173	12/27/05	^	465.00
Total				\$ 3,460.00

^ - The warrant was not endorsed.

MA - Mark Ackerman

SR - Susan Reese

As illustrated by the **Table**, only 4 of the warrants were endorsed. Mr. Ackerman endorsed 3 warrants totaling \$2,465.00 and Ms. Reese endorsed a \$530.00 warrant. The remaining warrant for \$465.00 was not endorsed. No explanation was provided as to why these warrants were not deposited to JCT accounts. **Appendix 2** includes copies of 2 of the warrants which were not properly deposited to JCT accounts.

The \$3,604.00 of undeposited collections from Heritage Manor and the State of Iowa is included in **Exhibit A**.

Cash Withheld from Deposit – During our review of the deposits made to JCT’s bank accounts, we identified 7 deposits from which cash had been withheld. The amount withheld from the 7 deposits totaled \$3,800.00. The dates of the deposits and the individual amounts withheld are listed in **Table 8**.

Table 8	
Date	Amount
02/15/05	\$ 1,050.00
04/13/05	750.00
09/29/05	300.00
10/03/05	300.00
10/20/05*	500.00
11/03/05	500.00
02/27/06	400.00
Total	<u>\$ 3,800.00</u>

* - Cash withdrawal was not signed.

As illustrated by the **Table**, the deposit slip for the October 20, 2005 deposit was not signed. However, the deposit slips for the remaining 6 deposits were signed by Mr. Ackerman. Copies of 3 deposit slips are included in **Appendix 3**. On 2 of the 6 signed deposit slips, notes were included which stated “fuel exp.” and “fuel.” However, documentation to support fuel purchases was not located. Because Mr. Ackerman had access to JCT checks and a JCT fuel card, it would not be necessary to use cash collections for fuel purchases.

The \$3,800.00 of cash collections withheld from deposit is included in **Exhibit A**.

Sale of Asset - During our initial visit to JCT, Mr. Ackerman provided us a listing of JCT’s assets and liabilities. Included on the report was a 1982 Ford Van, valued at \$1,742.00, which was donated to JCT by Mr. Sprague.

When we contacted Black Hawk County officials to request information for our fieldwork, we were provided information about the sale of the van. According to documentation provided by the Black Hawk County Treasurer, ownership of a Ford van was transferred from JCT to Karen Ackerman (Mr. Ackerman’s wife) on June 30, 2006, after JCT ceased operations. We determined the vehicle identification number (VIN) from the information provided. The documentation did not include a sales price for the vehicle. Records from the County also document a van with the same VIN was sold again on September 1, 2006. According to the documents, Karen Ackerman sold the van for \$500.00.

In accordance with Article VII of JCT’s Articles of Incorporation, upon the dissolution of the corporation, assets shall be distributed in accordance with the Internal Revenue Code for a public purpose. As a result, the assets should have been provided to another non-profit organization or similar entity.

Because JCT's asset was improperly transferred to Mrs. Ackerman in violation of JCT's Articles of Incorporation and JCT did not receive payment for the van, we have included the \$500.00 sale price of the van in **Exhibit A** as an undeposited collection.

In addition to the transfer of ownership of the van, we have no record of JCT's distribution of other assets upon dissolution. In accordance with Internal Revenue Code requirements for dissolution of a non-profit corporation, as stated in JCT's Articles of Incorporation, JCT was required to distribute its assets for exempt purposes to an entity such as the federal government, state or local government or other public purpose. We spoke with a representative of Heartland Senior Services (HSS), the entity which assumed responsibility for transportation services in Jasper County after JCT's dissolution. The HSS representative stated HSS assumed JCT's lease but no JCT assets remained onsite for HSS use. Because we are unable to determine what assets should have been transferred to HSS and an appropriate value for the assets, we have not included any additional amounts in **Exhibit A**.

IMPROPER DISBURSEMENTS

We reviewed all disbursements from JCT's checking accounts and savings account and identified a number of improper disbursements which appear personal in nature or unrelated to JCT's operations. We also identified disbursements which were not properly supported by appropriate documentation.

We discussed the disbursements which were unusual in nature with JCT staff members to determine if they were appropriate for JCT's operations. When possible, we also confirmed certain disbursements with vendors to determine if additional information was available. An investigator from the Jasper County Attorney's Office also attempted to interview JCT Board members who declined to speak with her.

The types of disbursements for which we identified concerns are listed below and are discussed in detail in the following paragraphs.

- | | | |
|--------------------------------------|-----------------------------|--|
| • Cash withdrawals | • Rent payments | • Grocery purchases |
| • Checks for cash | • Materials to build ramp | • Automotive purchases |
| • Payroll disbursements and advances | • Payments to MKBN | • Credit card payments |
| • Reimbursements | • Payments to Century Sod | • Payments to U-Haul |
| • Loan repayments | • Payments to U.S. Cellular | • Payments to a collection agency |
| • Bank transfers | • Payments to Qwest | • Payments to business associations |
| • Checks to Susan Reese | • Insurance expenses | • Miscellaneous purchases |
| • Wal-Mart purchases | • Gas card purchases | • Overdraft charges, late fees and returned check fees |

Cash Withdrawals – We identified 9 cash withdrawals from the FNNB checking account, 1 cash withdrawal from the FNNB savings account and 2 cash withdrawals from the SSB checking account. Each withdrawal is supported by a counter withdrawal slip. We were unable to determine the business purpose for these cash withdrawals and supporting documentation for the withdrawals could not be located. Based on our review of JCT's bank activity, operating costs were paid with checks rather than in cash. The cash withdrawals were made by Mr. Ackerman and Ms. Reese, total \$7,660.00 and are further explained in the following paragraphs.

- a. Mark Ackerman – We identified 9 cash withdrawals slips signed by Mr. Ackerman from the FNNB accounts. The cash withdrawals identified are listed in **Table 9**. The withdrawal made on September 24, 2004 was made from the savings account. The remaining withdrawals were made from the checking account. Copies of 3 withdrawal

slips are included in **Appendix 4**. As illustrated by the **Appendix**, each document contains Mr. Ackerman's name as the individual who withdrew the cash.

Table 9

Date	Amount
09/24/04	\$ 200.00
08/30/05	710.00
09/12/05	900.00
09/14/05	1,150.00
09/21/05	600.00
12/01/05	300.00
10/14/05	650.00
01/05/06	500.00
03/10/06	250.00
Total	\$ 5,260.00

Because supporting documentation could not be located and a business explanation was not provided, the \$5,260.00 of cash withdrawals by Mr. Ackerman is included in **Exhibit A** as improper disbursements.

- b. Susan Reese – We identified 3 cash withdrawal slips signed by Ms. Reese. Copies of the withdrawal slips are included in **Appendix 5**. As illustrated by the **Appendix**, each withdrawal slip contains Ms. Reese's name as the individual who withdrew the cash.

The 3 cash withdrawals identified are listed in **Table 10**. The \$300.00 withdrawal made on May 9, 2005 was made from the checking account held at FNNB. The remaining 2 withdrawals were made from the checking account at SSB.

Table 10

Date	Amount
05/09/05	\$ 300.00
06/24/05	1,800.00
12/12/05	300.00
Total	\$ 2,400.00

Because no supporting documentation exists and no business explanation was provided, the \$2,400.00 in cash withdrawals by Ms. Reese is included in **Exhibit A** as improper disbursements.

Checks for Cash – We identified 44 checks issued to banks and 1 check payable to "Cash" from the FNNB and SSB checking accounts. Supporting documentation for the checks could not be located. In addition, we were unable to determine a business purpose for the checks. Based on our review of JCT's bank activity, operating costs were paid with checks issued to vendors rather than cash.

- a. Mark Ackerman – Of the 44 checks written to banks, 40 were signed by Mr. Ackerman. **Exhibit B** lists the checks signed by Mr. Ackerman. As illustrated by the **Exhibit**, the checks total \$16,275.00 and were all issued from the checking account held at FNNB.

Also, as illustrated by the **Exhibit**, 31 checks were issued payable to FNNB and 9 checks were issued payable to Lincoln Savings Bank. Lincoln Savings Bank has several branch locations throughout Iowa. We are unaware of any accounts held at Lincoln Savings Bank for JCT. Of the 9 checks, 1 was redeemed by the Lincoln Savings Bank in Allison, near Ms. Reese's residence.

The **Exhibit** illustrates the checks were written to the banks for even dollar amounts. We were unable to trace the proceeds of the checks to a deposit in JCT's accounts. The checks were likely redeemed for cash or cash equivalent, such as a money order or cashier's check.

The **Exhibit** also illustrates 22 of the checks included explanations in the memo portion of the check. According to the check memos, 10 checks were for fuel expenses, 4 checks were for office-related expenses, 4 checks were for travel expenses, 1 check was for tires and 3 checks were for cash. However, supporting documentation was not available to support the purposes recorded in the memo portions of the checks. As previously stated, these types of operating costs would typically be paid with a check issued to the vendor. It would not be necessary to withdraw cash to pay for these types of items.

Copies of 4 checks are included in **Appendix 6**. The \$16,275.00 detailed in **Exhibit B** is included in **Exhibit A** as improper disbursements.

Susan Reese – The remaining 5 checks written to banks or for cash were signed by Ms. Reese. The checks total \$6,255.00 and are listed in **Table 11**. They were issued from the checking account held at SSB.

Table 11

Check Date	Check Number	Payee per Check	Check Memo	Amount
02/05/05	1403	1st NNB [^]	<i>none</i>	\$ 750.00
06/16/05	1431	Cash	"xfer of money"	2,500.00
11/17/05	1486	Security State Bank - cash	<i>none</i>	500.00
12/15/05	1455~	Security State Bank	<i>none</i>	500.00
02/09/06	1522	Security State Bank	"1500-ins 500-trans cash"	2,005.00
Total				<u>\$ 6,255.00</u>

[^] - First Newton National Bank

~ - Total check was \$8,760.00. Of that amount, \$500.00 was withdrawn in cash.

As illustrated by the **Table**, the memo portion of 2 of the checks includes a notation. The memo for check number 1431 states it was for "xfer of money." However, we were unable to locate a \$2,500.00 cash deposit in JCT's other accounts in June 2005.

The memo portion of check number 1522 states it was for insurance and to transfer cash. We were unable to locate a paid invoice for insurance in February 2006 or a deposit of cash in JCT's other accounts.

Check number 1455 was written for \$8,760.00. The SSB official we spoke with stated JCT wrote the check for 2 cashier's checks totaling \$8,250.00, a cashier's check fee of \$10.00 and \$500.00 cash. We confirmed 1 cashier's check was for \$8,000.00 to JCT's FNNB checking account and 1 cashier's check was for \$250.00 to Forbes.

Copies of some of the checks are included in **Appendix 7**. As illustrated by the **Appendix**, each of the documents contain Ms. Reese's name as the preparer. Because support could not be located for the checks signed by Ms. Reese, the \$6,255.00 is included in **Exhibit A** as improper disbursements.

Payroll - Ms. Reese and Mr. Ackerman prepared payroll for JCT staff. Payroll checks were to be issued on a bi-weekly basis. When we compared information from the payroll journal to payroll checks which cleared JCT's checking accounts, we identified inaccurate check numbers recorded in the payroll journal, payroll payments recorded in the journal which did not clear the bank and payroll payments which cleared the bank but were not recorded in the payroll journal.

To determine if the payroll checks issued to JCT staff were appropriate, we compared the authorized salary amounts to the amounts actually paid. We determined the authorized salaries by reviewing Board minutes and payroll records.

- a. **Mark Ackerman** - According to minutes of the initial Board meeting on November 22, 2003, Mr. Ackerman's authorized annual gross salary was \$38,000.00. We did not identify any changes in Mr. Ackerman's authorized salary during the period of our investigation. By reviewing JCT's payroll journal, we were able to determine an average of 23.7% of Mr. Ackerman's gross salary was withheld each pay period for payroll taxes. To determine his average authorized net salary of \$1,115.16 per pay period, we reduced his authorized gross salary by 23.7% for payroll withholdings.

We reviewed JCT's payroll journal to determine if the payments made to Mr. Ackerman were appropriate in amount and frequency. During our review, we determined the information in the payroll journal was not recorded accurately. For example, we identified 5 payments to Mr. Ackerman recorded in the payroll journal which did not agree with the actual check issued. **Table 12** lists the 5 payments identified.

Table 12

Per Payroll Journal				Per Check		
Check Date	Check Number	Gross Amount	Net Amount	Check Date	Payee	Amount
09/03/04	2000	\$ 1,461.54	1,061.72	10/14/05	Richard Braun	\$ 50.10
09/15/04	1204	1,461.54	1,117.74	09/02/04	West Tyree	522.07
10/15/04	1227	1,461.54	1,117.70	09/16/04	Vernon Beck	153.70
02/02/05	*	1,461.54	1,135.27	*	*	*
03/04/05	1391	1,461.54	1,120.73	03/29/05	Donna Rasmussen	756.64
Total		\$ 7,307.70	5,553.16			\$ 1,482.51

* - Check number was not listed in payroll journal. A check did not clear for this amount near this date.

During our review of the payroll journal, we also determined the information recorded in the journal did not appear to include all payments made to Mr. Ackerman. For example, from July 1, 2004 to June 30, 2005, Mr. Ackerman was authorized to receive 26 payroll checks, but only 17 payroll checks were recorded in the payroll journal for him and only 12 checks were actually issued and redeemed.

Because we could not rely on the payroll journal to identify all payroll payments to Mr. Ackerman, we examined all checks from JCT's bank accounts to determine the actual amount Mr. Ackerman was paid. The memo portion of the checks issued to Mr. Ackerman did not consistently identify the purpose of the checks. Considering the date and amount of checks issued to Mr. Ackerman, we identified all checks which appeared to be issued to him for payroll.

Exhibit C lists the checks issued to Mr. Ackerman which contain a notation of “payroll” or do not indicate another reason for the payment. As illustrated by the **Exhibit**, the amounts paid to Mr. Ackerman were not consistent with his authorized net salary amount and the payment dates were not on a bi-weekly basis. Many payments to Mr. Ackerman were in even dollar amounts, which indicates tax withholdings were not properly deducted from the payments. Because sufficient payroll records were not available, we are unable to determine any liabilities for Mr. Ackerman’s unpaid payroll deductions or corresponding employer contributions.

Table 13 compares Mr. Ackerman’s authorized pay to the amounts he actually received for the period April 1, 2004 through April 1, 2006.

Table 13				
Description	April 2004 – June 2004	July 2004 – June 2005	July 2005 – March 2006	Total
Authorized annual gross salary	\$ 38,000.00	38,000.00	38,000.00	
Divided by number of pay periods per year	26	26	26	
Authorized gross salary per pay period	1,461.54	1,461.54	1,461.54	
Less 23.7% for payroll withholding	346.38	346.38	346.38	
Authorized net salary per pay period	1,115.16	1,115.16	1,115.16	
x Number of pay periods	6	26	20	
Authorized net pay per pay period	6,690.96	28,994.16	22,303.20	57,988.32
Less: Amt actually paid (Exhibit C)	4,375.73	24,856.25	17,968.00	47,199.98
Difference	\$ 2,315.23	4,137.91	4,335.20	10,788.34

As illustrated by the **Table**, the payroll checks issued to Mr. Ackerman totaled \$10,788.34 less than the amount he was authorized to receive. According to Mr. Ackerman, JCT had experienced cash flow problems. As a result, he had arranged with members of the Board to forgo payroll disbursements in return for a promissory note to be paid interest free at a later date. According to a JCT employee, Mr. Ackerman took cash from the cash drawer on several occasions and justified the practice because he had not received the full amount of his salary. Cash drawer withdrawals are addressed in a later section of the report.

We identified a promissory note issued to Mr. Ackerman for \$18,400.00 on December 1, 2004. However, as illustrated by the **Table**, the total salary foregone by Mr. Ackerman by the end of March 2006 totaled only \$10,788.34. There is not sufficient documentation to support the promissory note issued to Mr. Ackerman. We did not identify any other promissory notes to Mr. Ackerman or other loans made to JCT by Mr. Ackerman. The promissory note is addressed in a later section of this report.

The \$10,788.34 in salary Mr. Ackerman did not receive is included in **Exhibit A** as an offset to other improper disbursements made by Mr. Ackerman.

- b. Susan Reese – During our comparison of the payroll journal to actual checks issued to Ms. Reese, we did not identify any payments recorded in the payroll journal which did not agree with the actual checks issued.

Based on payroll journal entries, Ms. Reese's authorized annual salary was approximately \$13,000.00 during the period of investigation. We did not identify any changes to the authorized salary paid to Ms. Reese during the period of our review. We were not able to determine if Ms. Reese's pay was based on an hourly wage or if she received an established salary. However, she consistently received the same net amount for payroll. Based on the \$500.00 gross salary recorded in the payroll journal for Ms. Reese on a bi-weekly basis, we determined she received approximately \$13,000.00 on an annual basis. We were unable to determine if Ms. Reese prepared timesheets to record her time worked for JCT.

Based on our review of the payroll journal, we determined an average of 17.79% of Ms. Reese's gross salary was withheld each pay period for payroll taxes. After subtracting the payroll taxes from her gross salary, her bi-weekly net salary amount was calculated to be \$411.05.

As illustrated by **Table 14**, we compared Ms. Reese's authorized net salary to the payroll checks issued to her during the period of our investigation. Considering the date and amount of checks issued to Ms. Reese, we identified all the checks which appear to be issued to her for payroll. **Exhibit D** lists the checks issued to Ms. Reese which appear to be payroll payments. As previously discussed, the payroll journal available at JCT was incomplete. As a result, we were not able to use it to identify the payroll payments to Ms. Reese. Therefore, we examined all checks from JCT's bank accounts to determine the actual amount Ms. Reese was paid. The memo portion of the checks issued to Ms. Reese did not consistently identify the purpose of the checks. As a result, all checks issued to Ms. Reese which did not contain a notation they were for another purpose were classified as payroll for our testing.

Table 14

Description	April – June 2004	July 2004 – June 2005	July 2005 – March 2006	Total
Authorized annual gross salary	\$ 13,000.00	13,000.00	13,000.00	
Divided by number of pay periods per year	26	26	26	
Authorized gross salary per pay period	500.00	500.00	500.00	
Less 17.79% for payroll withholding	88.95	88.95	88.95	
Authorized net salary per pay period	411.05	411.05	411.05	
x Number of pay periods	6	26	20	
Authorized net pay per pay period	2,466.30	10,687.30	8,221.00	21,374.60
Amount actually paid (Exhibit D)	2,658.75	11,900.99	6,365.35	20,925.09
Difference	(\$ 192.45)	(1,213.69)	1,855.65	449.51

As illustrated by the **Table**, the total amount paid to Ms. Reese was \$449.51 less than the amount she was authorized to receive. We were not able to obtain an explanation for the difference. The \$449.51 in wages Ms. Reese did not receive is included in **Exhibit A** as an offset to other improper disbursements made by Ms. Reese.

Payroll advances to other employees – By reviewing JCT's payroll journal, we also identified withholdings from 8 other employees' pay which indicated the employee had received a payroll advance. For 5 of the 8 employees, we were unable to identify any checks issued from JCT's accounts for the advance. The advances may have been made in cash.

Because documentation of amounts originally advanced to the 5 employees is not available, we estimated the amounts advanced to them agreed with the amounts subsequently deducted from their payroll as repayments prior to June 30, 2005. (Payroll

journals from July 1, 2005 to April 1, 2006 were not available for our review.) This is a conservative estimate. Additional amounts may have been advanced to the employees.

We also identified 4 additional employees to whom checks were issued which were described as payroll advances. For the 4 employees, withholdings were not deducted from their payroll amounts to repay the total amounts advanced.

Exhibit E lists the employees, the checks issued to them and the amounts withheld from their pay according to the payroll journal. As illustrated by the **Exhibit**, we estimate \$5,596.06 was advanced to the 12 employees. Of that amount, we determined \$2,325.00 was advanced to 4 employees on 11 checks and we estimate \$3,196.06 was advanced to the remaining 8 employees.

Also as illustrated by the **Exhibit**, we identified 25 amounts withheld from employees' pay which were described as a payroll advance repayment in the payroll journal. The amounts withheld total \$4,299.56 and ranged in amounts from \$25.00 to \$808.39. The amounts withheld from employees' pay was not always consistent.

Documentation for the advance amount, the advance agreement and the authorizing official were not available. Because of the lack of documentation, we are unable to determine if the repayments withheld from the employees' payroll were sufficient to satisfy the amounts originally advanced. The difference between the \$5,596.06 estimated amount advanced to employees and the \$4,299.56 withholdings from the employees' payroll as repayment of the advances is \$1,296.50. **Exhibit A** includes the \$1,296.50 in payroll advances not repaid to JCT.

Reimbursements – We identified 36 checks issued to Mr. Ackerman, Ms. Reese and Mr. Sprague which include memo descriptions related to reimbursements. For 22 of the checks, the memo included a brief description such as travel and phone expenses. However, most of the checks did not include any additional information regarding the type of expense for which the employee was reimbursed. We were unable to locate any documentation to support the reimbursements to staff. In addition, Board meeting minutes did not include documentation of review or approval of the reimbursements identified.

The Jasper County Attorney's investigator requested meetings with Board members to discuss JCT expenses such as these, but Board members declined to meet with the investigator. Each of the reimbursements identified are discussed in detail in the following paragraphs.

- a. Mark Ackerman - We identified 5 checks issued to Mr. Ackerman for reimbursement of expenses. The checks total \$1,900.00 and are listed in **Table 15**. Ms. Reese signed check number 1260 issued from the SSB checking account and Mr. Ackerman signed the remaining 4 checks issued from the FNNB checking account.

Table 15

Check Date	Check Number	Check Memo	Amount
07/09/04	1260	"reimb exp"	\$ 750.00
10/08/04	1265	"reimb trav exp"	200.00
07/14/05	1873	"payroll reimb exp"	200.00
11/09/05	1969	"reimb phone and travel"	500.00
01/08/06	2094	"reimb travel"	250.00
Total			<u>\$ 1,900.00</u>

As illustrated by the **Table**, the check memos state the checks were reimbursements of travel, phone and payroll expenses. However, supporting documentation was not available for any of the payments. We were unable to locate a claim for reimbursement submitted by Mr. Ackerman or any invoices, receipts or other supporting documentation for the amounts paid to him.

The **Table** also illustrates each of the reimbursements was for an even dollar amount, which is unusual when actual expenses are reimbursed. The \$1,900.00 total is included as an improper disbursement in **Exhibit A**.

- b. Susan Reese – We identified 19 checks issued to Ms. Reese which appear to be reimbursements based on the memos on the checks and payroll records. The checks total \$5,081.00 and are listed in **Table 16**. Check numbers 1213 and 1242 were signed by Mr. Ackerman and drawn on the FNNB checking account. Of the remaining checks, 15 were signed by Ms. Reese and issued from the checking account at SSB and 2 were added to Ms. Reese’s bi-weekly payroll payment.

Table 16

Check Date	Check Number	Check Memo	Amount
09/12/04	1213^	“trav exp”	\$ 310.00
09/26/04	1242^	“reimb”	170.00
10/26/04	1304~	“Reimbursement – Other”	250.00
11/22/04	1346~	“Reimbursement – Other”	220.00
12/18/04	1423	“travel reimb”	225.00
01/03/05	1425	“reimb”	200.00
02/02/05	1367	“trvl”	100.00
04/17/05	1430	“loan repayment”	400.00
08/12/05	1438	“invoice”	200.00
11/15/05	1511	“repayment”	200.00
01/13/06	1494	“reimb”	300.00
01/18/06	1515	“reimb”	600.00
01/22/06	1541	“reim payroll program”	200.00
01/28/06	1517	“reimb”	500.00
01/31/06	1519	“reimb”	250.00
03/05/06	1497	“reimb”	200.00
03/07/06	1498	“reimb”	200.00
03/26/06	1447	“reimb”	356.00
04/03/06	1458✓	“reimb”	200.00
Total			\$ 5,081.00

^ - Signed by Mr. Ackerman and issued from the checking account at FNNB.

~ - Signed by Ms. Reese and issued from the checking account at FNNB. These payments were part of the regular payroll payment to Ms. Reese and were described as “Reimbursement – Other” in the payroll journal.

✓ - This reimbursement is outside our review period, but since JCT closed operation on April 1, 2006, we concluded this reimbursement was applicable to the review period.

As illustrated by the **Table**, it appears the checks were reimbursements of travel, loan repayments and undisclosed expenses. However, supporting documentation was not available for any of the payments. We were unable to locate a reimbursement claim submitted by Ms. Reese or any invoices or receipts to support the amounts paid to her. Also as illustrated by the **Table**, each of the reimbursements was for an even dollar amount, which is unusual when actual expenses are reimbursed.

In addition, the **Table** illustrates Ms. Reese received 5 reimbursements during the 18 days between January 13, 2006 and January 31, 2006 which totaled \$1,850.00. She also received \$756.00 between March 5, 2006 and March 26, 2006. Based on Ms. Reese's job duties, it would be unusual for her to receive multiple reimbursements for JCT expenses during a short time period. Because Ms. Reese was authorized to issue checks directly from JCT's checking account for purchases, there should have been no need for her to pay business expenses with her personal funds for subsequent reimbursement. In addition, based on Ms. Reese's job duties, business related travel for JCT would not be required.

The \$5,081.00 paid to Ms. Reese is included as an improper disbursement in **Exhibit A**.

- c. Ray Sprague – We identified 12 checks issued to Mr. Sprague which appear to be reimbursements based on the memo portions of the checks. The checks total \$3,819.28 and are listed in **Table 17**. Check numbers 1394 and 1482 were signed by Ms. Reese and drawn on the SSB checking account. The remaining 10 checks were signed by Mr. Ackerman and issued from the checking account at FNNB.

Table 17

Check Date	Check Number	Check Memo	Amount
11/24/04	1394~	none	\$ 500.00
12/16/04	1623	none	500.00
12/21/04	1628	"Supplies (shop)"	190.00
01/19/05	1672	none	603.00
01/20/05	1675	"Office supplies"	88.55
01/21/05	1685	"Office software"	137.73
10/22/05	1482~	"Bus 3317 parts"	200.00
11/05/05	1970	none	600.00
01/14/05	2097	none	500.00
02/23/06	2232	none	500.00
Total			<u>\$3,819.28</u>

~ - Signed by Ms. Reese and drawn from the SSB account. All other payments signed by Mr. Ackerman and drawn from the FNNB account.

As illustrated by the **Table**, the checks were reimbursements for supplies, software, bus parts and undisclosed expenses. However, supporting documentation was not available for any of the payments. We were unable to locate a claim for reimbursement submitted by Mr. Sprague or any invoices or receipts to support the amounts paid to him. The **Table** also shows most of the reimbursements were for an even dollar amount, which is unusual when actual expenses are reimbursed.

Mr. Sprague declined to speak with the Jasper County Attorney's office regarding these transactions, so we were unable to request documentation or explanations from Mr. Sprague for these payments. The \$3,819.28 in reimbursements to Mr. Sprague is included in **Exhibit A** as improper disbursements.

We also identified 2 additional payments to Mr. Sprague. However, they appear to be repayment for a loan based on the terms of a promissory note and is addressed later in the report.

Bank Transfers – We identified 2 bank transfers from the checking account at SSB to Ms. Reese's personal bank account. The transfers total \$910.75 and are listed in **Table 18**. Ms. Reese's signature is included on the transfer slip at SSB dated February 7, 2005. The November 23, 2005 transfer was authorized via telephone. According to bank documents we reviewed, the authorizer was not identified.

Table 18	
Date	Amount
02/07/05	\$ 500.00
11/23/05	410.75
Total	\$ 910.75

Because supporting documentation was not available for the transfers, we are unable to determine why the amounts were transferred to Ms. Reese's personal checking account.

The \$500.00 transferred to Ms. Reese's personal account on February 7, 2005 is the amount of her gross salary for a pay period. In addition, the \$410.75 transferred to her personal account on November 23, 2005 is similar to her authorized net salary for a pay period. However, we observed checks issued to Ms. Reese for her authorized payroll. JCT did not make payroll payments by direct transfers into employee's personal bank accounts.

Appendix 8 includes copies of the transfer slips authorizing the transfer of funds from the SSB checking account to Ms. Reese's personal checking account. The \$910.75 is included in **Exhibit A** as an improper disbursement.

Other Checks to Susan Reese – We identified 2 other checks issued to Ms. Reese which are not for payroll or identified as reimbursements for expenses. The 2 checks were signed by Ms. Reese and issued from the checking account at SSB. The checks total \$1,100.00 and are listed in **Table 19**.

Table 19			
Check Date	Check Number	Check Memo	Amount
12/17/04	1422	"x-mas bonuses – JCT"	\$ 850.00
10/02/05	1441	"Mark"	250.00
Total			\$ 1,100.00

The memo portion on check number 1422 shows the \$850.00 was for Christmas bonuses at JCT. According to Board minutes from the meeting held on December 17, 2005, \$50.00 Christmas bonuses were provided to staff the previous year. However, we were unable to obtain minutes from December 2004 to verify Board approval. JCT employees we spoke with stated they received Christmas bonuses in December 2005.

Because bonuses are taxable income, they should have been recorded in the payroll journal. However, we were unable to locate the bonuses in the payroll journal. The payroll journal shows there were 12 employees in December 2004. If each of the 12 employees received a \$50.00 bonus, the total would be \$600.00. The \$850.00 paid to Ms. Reese would be sufficient to pay bonuses to 17 employees. Because Ms. Reese received \$250.00 more than required to pay \$50.00 bonuses to each of the 12 employees, the \$250.00 paid to Ms. Reese is considered improper.

We are unable to determine if the Board approved the bonus payments. In addition, there is inadequate documentation to determine if the bonuses were actually distributed and the payments were not properly posted to the payroll journal. As a result we have included the Christmas bonuses totaling \$600.00 for 12 employees verified in the payroll journal as unsupported disbursements in **Exhibit A**.

We were unable to locate any supporting documentation for check number 1441 issued to Ms. Reese on October 2, 2005. As illustrated by the **Table**, the memo portion of the check states "Mark." It is unclear why a payment for Mr. Ackerman would be provided to Ms. Reese. Because we are unable to determine a purpose for the disbursement, the \$250.00 is considered improper. The \$500.00 of the 2 improper payments is included in **Exhibit A**.

Wal-Mart Purchases – During our review of disbursements from JCT's accounts, we identified 37 checks issued to Wal-Mart. Because supporting documentation was not available from JCT to support the 37 checks, we subpoenaed the Wal-Mart stores where the purchases were made to obtain documentation for each purchase. Receipts were obtained for all but 3 purchases. The items purchased are listed in **Exhibit F**.

Based on the descriptions shown on the receipts, we determined if the items purchased were improper or appeared reasonable for JCT's operations. In addition to the product description, we also considered the quantity of items purchased and the context of the entire receipt. If a significant portion of the items shown on the receipt was determined to be improper, all items on the receipt were classified as improper. The improper payments to Wal-Mart total \$1,796.45.

Based on the Wal-Mart receipts reviewed, we determined Mr. Ackerman signed checks for improper purchases totaling \$1,587.66. As illustrated by **Exhibit F**, the improper items included Mr. Ackerman's prescription medication, over the counter medications, groceries, personal hygiene products, a bicycle and accessories, a crib, crib mattress and crib sheets.

We also determined Ms. Reese signed checks for improper purchases at Wal-Mart which totaled \$178.41. The improper purchases include groceries and small kitchen appliances, including a double burner, slow cooker and coffee maker. In addition to the purchases made by Mr. Ackerman and Ms. Reese, \$30.38 of the improper purchases were made by Hank Brittan, a JCT employee.

The \$1,796.45 of improper purchases is included in **Exhibit A**. The 3 checks for which we were unable to obtain receipts total \$147.81. This amount is included as unsupported disbursements in **Exhibit A**.

Rent Payments – We identified several checks issued from JCT accounts to a landlord and a local realty agency for rent associated with apartments occupied by Mr. Ackerman and Vern Beck, a JCT employee. The payments are explained in detail in the following paragraphs.

- a. Ina Petersen - We identified 4 payments made from the checking account at FNBN to Ina Petersen. The check memos on 2 of the checks show the payments were for Mr. Beck's rent. According to JCT staff we spoke with, Mr. Ackerman previously worked with Mr. Beck in Waterloo and he brought Mr. Beck to JCT to work as a mechanic.

The checks are listed in **Table 20**. We were unable to locate supporting documentation or documentation of a business purpose for JCT to pay Mr. Beck's rent. The 4 checks were

signed by Mr. Ackerman and total \$1,400.00. Copies of the checks are included in **Appendix 9**. The \$1,400.00 of rent payments for Mr. Beck is included in **Exhibit A** as an improper disbursement.

Table 20

Check Date	Check Number	Check Memo	Amount
08/25/04	1191	"Vernon apt deposit"	\$ 350.00
08/31/04	1200	<i>none</i>	350.00
12/06/04	1599	"Vern (rent)"	350.00
01/07/05	1665	<i>none</i>	350.00
Total			<u>\$ 1,400.00</u>

- b. Birkenholz Realty - We identified 12 payments made from JCT's checking accounts to Birkenholz Realty in Newton. The 12 checks identified total \$10,510.00 and are listed in **Table 21**.

Table 21

Check Date	Check Number	Check Memo	Amount
09/15/04	1222	<i>none</i>	\$ 900.00
10/15/04	1286	"Rent- 3000 1st Ave E"	1,200.00
11/14/04	1391^	<i>none</i>	800.00
11/15/04	1582	<i>none</i>	400.00
12/14/04	1616	"Dec 15 - Jan 15"	900.00
01/17/05	1671	"Jan"	900.00
02/15/05	1717	<i>none</i>	900.00
03/15/05	1731	<i>none</i>	900.00
04/15/05	1757	<i>none</i>	900.00
05/13/05	1814	<i>none</i>	900.00
06/15/05	1385^	"Rent"	910.00
07/26/05	1914	<i>none</i>	900.00
Total			<u>\$ 10,510.00</u>

^ - Signed by Ms. Reese out of the SSB account. The remaining checks were signed by Mr. Ackerman out of the FNNB account.

Because we were unable to locate supporting documentation for the payments, we requested a confirmation from Birkenholz Realty and determined the payments were for an apartment occupied by Mr. Ackerman at 3000 1st Ave. East in Newton. It appears the monthly rental fee was \$900.00. However, the realty company confirmed \$1,200.00 was paid for October and November of 2004. It appears these months coincide with the same months a JCT employee and her husband lived the apartment.

During our review of Mr. and Ms. Ackerman's personal bank statements, we identified a check from Donna Rasmussen which was dated October 15, 2004. Ms. Rasmussen was an employee of JCT. The check was deposited to Ms. Ackerman's account on October 18, 2004. The deposit was \$450.00 and included a check payable to Mr. Ackerman and the memo stated the payment was for rent. **Appendix 10** includes a copy of the check.

We also identified a \$450.00 check from Ms. Rasmussen dated November 14, 2004 deposited to JCT's FNNB account. The check was payable to Mr. Ackerman and the memo portion stated "Nov. rent." Because the check was deposited to JCT's account, the net amount paid by JCT for Mr. Ackerman's rent totals \$10,060.00.

According to JCT personnel, Ms. Rasmussen and her husband resided with Mr. Ackerman at his apartment during the fall of 2004. Also, as shown by the **Appendix**, Ms. Rasmussen's address on her check is 3000 1st Avenue East in Newton, the address of Mr. Ackerman's apartment.

We did not identify any other checks from Ms. Rasmussen which were deposited to Mr. and/or Ms. Ackerman's personal bank accounts. We are unable to determine what, if any, additional amount was paid for rent. We are also unable to determine how long Ms. Rasmussen resided in the apartment.

Because the rent for the apartment at 3000 1st Avenue East was paid from JCT accounts, the amount paid by Ms. Rasmussen for rent on the same apartment should have been deposited to JCT's bank account to offset the monthly disbursement from JCT to Birkenholtz Realty for the apartment's rent.

JCT Board minutes do not show review and approval of the disbursements to Birkenholtz Realty for Mr. Ackerman's rent payments. In addition, because Mr. Ackerman was an officer on the Board and the Executive Director of JCT, the decisions made by the Board would not have been considered an independent approval, unless Mr. Ackerman had abstained from voting on the issue.

As illustrated by **Table 21**, Mr. Ackerman signed 10 of the 12 checks and Ms. Reese signed the remaining 2 checks. The checks signed by Mr. Ackerman were issued from the checking account held at FNNB. The checks signed by Ms. Reese were issued from the checking account held at SSB.

Copies of selected checks issued to Birkenholtz Realty are included in **Appendix 10**. Because the payments to Birkenholtz Realty were for Mr. Ackerman's personal expenses and not a proper use of the funding received by JCT, the \$10,060.00 is included as an improper disbursement in **Exhibit A**.

Materials to Build Ramp – As stated previously, Donna Rasmussen and her husband resided with Mr. Ackerman for a period of time at Mr. Ackerman's apartment in Newton. According to JCT employees we spoke with, Mr. Ackerman built a handicap accessibility ramp at the apartment for Mr. Rasmussen.

Check number 1559, dated November 5, 2004, was issued to McKlveen Lumber from JCT's account at FNNB by Mr. Ackerman for \$303.25. A copy of the check is included in **Appendix 11**, along with a copy of the related invoice. As illustrated by the **Appendix**, the memo portion of the check states "bldg exp." In files seized from the JCT office, we also located a quote for a ramp for Keith Rasmussen at 3000 1st Avenue E with \$303.25 listed as the material cost. This quote and supporting documentation is also included in **Appendix 11**. In addition to the materials, the quote included labor costs of \$250.00. We were unable to determine if JCT funds were used to pay any labor costs. Because JCT funds should not have been used to pay for the ramp at Mr. Ackerman's apartment, the \$303.25 cost of materials is included in **Exhibit A** as an improper disbursement.

Payments to MKBN – During our review of disbursements from JCT's accounts, we identified 11 checks issued to MKBN Services, Inc. (MKBN), an employment-consulting services business owned and operated by Mark Ackerman's wife, Karen Ackerman. We subpoenaed MKBN bank

records and determined Mr. Ackerman was the primary user of the account based on bank transactions he completed.

The 11 checks identified total \$14,143.58 and are listed in **Table 22**. As illustrated by the **Table**, they were issued during the period from April 16, 2004 to September 24, 2004. We were unable to locate invoices or supporting documentation of goods and services received in exchange for the payments made to MKBN. Based on limited information, MKBN provided employment consulting services for people with disabilities. We were unable to determine why a transit company would receive employment consulting services. JCT did not provide employment services to its customers, only transportation services.

Table 22

Check Date	Check Number	Check Memo	Amount	Signer
04/16/04	1010	"Business Systems"	\$ 1,291.67	HB
04/30/04	1164	^	2,500.00	GA *
05/08/04	1035	<i>none</i>	1,200.00	SR
06/07/04	1079	<i>none</i>	1,500.00	MA
06/18/04	1238	^	906.91	SR *
06/24/04	1081	<i>none</i>	718.00	MA
07/27/04	1302	^	750.00	SR *
08/05/04	1329	^	877.00	SR *
08/13/04	1172	<i>none</i>	1,300.00	SR
09/10/04	1212	"Reimbursement"	2,600.00	MA
09/24/04	1246	<i>none</i>	500.00	MA
Total			<u>\$ 14,143.58</u>	

* - From the SSB account. The remaining checks were from the FNNB account.

^ - Check memo line could not be reviewed due to the unavailability of bank records

HB - Hank Brittan

MA - Mark Ackerman

GA - Gerald Ackerman

SR - Susan Reese

Based on information we were able to obtain, MKBN was active from January 14, 1997 to August 5, 2002. In 2002, the business was administratively dissolved due to failure to deliver required reports to the Secretary of State. Therefore, MKBN should not have been operating during the duration of JCT's operation.

The checks written to MKBN were signed by Mr. Ackerman, Ms. Reese, Gerald Ackerman and Hank Brittan. Hank Brittan and Gerald Ackerman (Mr. Ackerman's father) were authorized check signers who appeared to be primarily involved in transactions early in 2004 when JCT began operation in Newton.

As illustrated by the **Table**, the memo portion of check number 1212 shows the \$2,600.00 payment was a reimbursement. However, during our review of JCT bank transactions prior to the date of this check, we did not identify any deposits to JCT accounts from MKBN or any purchases made by MKBN on behalf of JCT. In addition, the Board minutes did not document any discussion about JCT business transactions with MKBN.

The \$14,143.58 paid to MKBN is included in **Exhibit A** as improper disbursements.

Payments to Century Sod – During our review of disbursements from JCT’s accounts, we identified 6 checks issued to Century Sod. According to JCT staff we spoke with, the sod business was owned by Mr. Sprague, JCT’s Board President. JCT staff we spoke with were unaware of any sod services provided to JCT by Century Sod. Mr. Ackerman signed all 6 checks issued from the FNNB account. The checks totaling \$5,930.00 are listed in **Table 23**.

Table 23			
Check Date	Check Number	Check Memo	Amount
10/08/04	1266	“Veh. Exp.”	\$ 500.00
03/30/05	1744	“Contract labor”	730.00
04/13/05	1753	<i>none</i>	1,900.00
04/28/05	1775	“Contract”	800.00
05/12/05	1767	<i>none</i>	1,000.00
01/05/06	2166	“contract”	1,000.00
Total			<u>\$ 5,930.00</u>

As illustrated by the **Table**, the memo portion of check number 1266 states the \$500.00 payment was a reimbursement related to a vehicle expense. It is not known why Century Sod would pay for vehicle expenses for JCT. In addition, we were unable to locate documentation to support the payment. It is unlikely a reimbursement for vehicle expenses would be an even amount such as \$500.00.

The memo portion of 3 checks refers to a contract or contract labor. We did not identify any contracts between Century Sod and JCT which would explain these payments. In addition, JCT staff members we spoke with were not aware of any work being done by Century Sod for JCT.

The investigator from the Jasper County Attorney’s Office requested to meet with Mr. Sprague to ask him about these payments. However, Mr. Sprague declined to meet with the County Attorney’s investigator.

The \$5,930.00 paid to Mr. Sprague’s company is included as improper disbursements in **Exhibit A**.

Payments to U.S. Cellular - During our review of disbursements from JCT’s accounts, we identified 27 payments from JCT’s SSB account to U.S. Cellular. The payments total \$11,943.29 and are listed in **Exhibit G**. As illustrated by the **Exhibit**, the payments were made between April 1, 2004 and March 26, 2006. Also, as illustrated by the **Exhibit**, the first 3 disbursements were made by check and the remaining 24 payments were made electronically.

We were unable to obtain copies of the 3 checks and U.S. Cellular did not provide supporting documentation when requested. As a result, we could not determine who authorized the payments to U.S. Cellular. The disbursements to U.S. Cellular ranged from \$16.00 to \$1,105.46 and were paid nearly each month.

Minutes from the December 17, 2005 Board meeting refer to owing U.S. Cellular \$300.00 for cellular service. However, based on the following information, we concluded the U.S. Cellular disbursements were improper and not legitimate business expenses for JCT.

- Mr. Ackerman's personal bank accounts included a limited number of payments to U.S. Cellular which would indicate service for his personal cell phone was provided by U.S. Cellular.
- We obtained a U.S. Cellular invoice from records seized from Ms. Reese's personal residence by the County Sheriff's office. The invoice was addressed to Ms. Reese at her personal address and included Mr. Ackerman's cell phone as 1 of the 3 cell phones for which JCT paid for service. An April 2006 invoice totaled \$286.83 and showed the previous payment on the account was \$400.00 paid on April 7, 2006. A copy of the invoice is included in **Appendix 12**. An electronic disbursement of \$400.00 was made to U.S. Cellular from JCT's bank account on March 28, 2006.
- The invoices were mailed to Ms. Reese's home address rather than the address of the JCT office in Newton. The invoices we observed for JCT's other operating expenses were all addressed to the JCT office in Newton rather than Ms. Reese's home address.
- As shown in the **Appendix**, 2 of the cell phones (including Mr. Ackerman's phone) were used more than what would be expected for their JCT job duties. Ms. Reese's phone usage exceeded 61 hours in the 1 month billing period and Mr. Ackerman's usage exceeded 79 hours during the same billing period.
- Billings, service agreements or other supporting documents involving services from U.S. Cellular were not found in JCT records. In addition, despite the large number of payments to U.S. Cellular, none of the disbursements were recorded in JCT's accounting records available for our review.

While an outstanding bill to U.S. Cellular was discussed at the Board meeting on December 17, 2005, the discussion is not sufficient to conclude the expense was appropriate. Because Mr. Ackerman, Ms. Reese and other related parties constituted a majority of the Board at the time of the payments, the Board was not functioning as an independent oversight body. As a result, the information provided in the invoices is the appropriate documentation to determine the propriety of the payments to U.S. Cellular.

We have included the \$11,943.29 paid to U.S. Cellular in **Exhibit A** as improper disbursements.

Payments to Qwest - We identified 4 electronic payments from JCT's SSB account to Qwest which total \$1,035.96. The vendor provides telephone and internet services. According to JCT personnel we spoke with, Iowa Telecom provided telephone and internet services to JCT. Therefore, services provided by Qwest do not appear to be related to JCT business operations. The 4 payments are listed in **Table 24**.

Table 24	
Date	Amount
04/29/04	\$ 373.19
06/11/04	238.96
07/14/04	206.89
08/15/04	216.92
Total	<u>\$ 1,035.96</u>

We were unable to locate supporting documentation for the payments. We attempted to confirm the payments with Qwest, but did not receive any information in response to our request. The \$1,035.96 paid to Qwest is included as improper disbursements in **Exhibit A**.

Insurance Expenses - During our review of disbursements from JCT's accounts, we identified checks issued to 3 different insurance companies. Based on documentation we observed and discussions with JCT employees, JCT's insurance coverage was provided by Interstate Insurance

Services (IIS). We contacted JCT's insurance representative who identified which of the payments were for policies held by JCT. Because the representative was an independent insurance agent, she was also able to tell us Mr. Ackerman and his son, Nathan Ackerman, carried personal insurance policies for automotive and homeowners insurance from Allied Insurance and Progressive Insurance. With the insurance agent's help, we were able to determine 12 of the checks identified were not for insurance policies held by JCT. The 12 checks are listed in **Table 25** and are explained in detail in the following paragraphs. The total of \$1,445.38 is included in **Exhibit A** as improper disbursements.

Table 25

Check Date	Check Number	Payee	Check Memo	Amount	Signer
02/04/05	1698	IIS	"veh ins"	\$ 84.28	MA *
03/15/05	1709	IIS	<i>none</i>	84.40	MA *
04/05/05	1745	IIS	<i>none</i>	89.41	MA *
06/20/05	e	Progressive Insurance	<i>none</i>	85.19	-
07/20/05	1892	IIS	"ins exp"	236.98	MA *
08/16/05	e	Progressive Insurance	<i>none</i>	86.17	-
09/16/05	e	Progressive Insurance	<i>none</i>	86.17	-
12/22/05	1453	IIS	<i>none</i>	218.80	SR
02/01/06	1518	IIS	"Mark Ackerman 856115440"	120.00	SR
02/23/06	1525	IIS	<i>none</i>	126.56	SR
02/23/06	e	Allied Insurance	<i>none</i>	55.99	-
03/23/06	e	Allied Insurance	<i>none</i>	171.43	-
Total				<u>\$ 1,445.38</u>	

* - From FNNB account. Remaining disbursements were from SSB account.

e - electronic payment (date shown is per bank statement)

MA - Mark Ackerman

SR - Susan Reese

- a) Interstate Insurance Services - We identified 7 checks issued to IIS from JCT's accounts which were not for policies held by JCT. The 7 checks are included in **Table 25** and total \$960.43. As illustrated by the **Table**, the memo portion of check number 1518 includes Mr. Ackerman's name and account number.
- b) Allied Insurance - We identified 2 electronic disbursements from JCT's SSB account to Allied Insurance. The disbursements are listed in **Table 25** and total \$227.42.

During our review of available documentation, we identified an invoice from Allied to Mr. Ackerman for auto insurance. A copy of the invoice is included in **Appendix 13**.

- c) Progressive Insurance - We identified 3 electronic disbursements from JCT's SSB account to Progressive Insurance. The disbursements are listed in **Table 25** and total \$257.53. During our review of Mr. and Ms. Ackerman's personal bank accounts, we identified payments to Progressive Insurance on a regular basis. The payments from their personal accounts were for approximately the same amounts and payments were not made for those amounts from the personal accounts in June, August and September 2005.

Gas Card Purchases – During our review of disbursements from JCT’s accounts, we identified 7 monthly payments to Phillips 66 during the period October 16, 2005 through April 16, 2006. The payments total \$16,653.52. Because supporting documentation was not available from JCT, we requested information directly from Phillips 66 to determine what the charges were for and who made them. Records obtained from Phillips 66 confirmed 2 fuel cards were issued to “DTA – Ray Sprague” at 474 “HWY T-12 North” in Newton. JCT did have a facility at this address.

Of the 2 cards, 1 was kept at the JCT office and was used by drivers to purchase fuel for JCT vehicles. **Table 26** summarizes the charges incurred on the card kept at the JCT office.

Table 26			
Date	Diesel	Unleaded	Total
10/16/05	\$ -	816.40	816.40
11/16/05	148.50	2,807.96	2,956.46
12/16/05	-	941.76	941.76
01/16/06	-	2,025.06	2,025.06
02/16/06	-	2,599.03	2,599.03
03/16/06	-	2,607.20	2,607.20
04/16/06	-	3,342.15	3,342.15
Total	\$ 148.50	15,139.56	15,288.06

According to JCT personnel we spoke with, Mr. Sprague was assigned the other gas card which he used to purchase fuel for his personal vehicle. JCT staff also stated Mr. Sprague occasionally provided services to JCT as a driver. However, the fuel purchases made by Mr. Sprague do not correspond to the periods for which he provided driving services. We determined a large number of fuel purchases on the card assigned to Mr. Sprague occurred in the Des Moines area near Mr. Sprague’s residence and only a few occurred in the Newton area. **Table 27** summarizes the charges incurred on the card held by Mr. Sprague.

Table 27				
Date	Diesel	Unleaded	Non-fuel	Total
10/16/05	\$ 70.29	23.87	-	94.16
11/16/05	52.79	558.73	-	611.52
12/16/05	-	37.63	77.19	114.82
01/16/06	-	-	32.39	32.39
02/16/06	-	169.27	-	169.27
03/16/06	-	262.30	-	262.30
04/16/06	-	81.00	-	81.00
Total	\$ 123.08	1,132.80	109.58	1,365.46

We have included the \$1,365.46 of purchases made with the fuel card held by Mr. Sprague as improper disbursements in **Exhibit A** because there was no support to show the purchases made with the card benefited JCT, an explanation for providing Mr. Sprague a fuel card could not be provided and JCT employees we spoke with stated the fuel card was used for personal purchases.

We also identified charges for diesel fuel purchases on both Mr. Sprague's card and the card kept at the JCT office. According to JCT staff we spoke with, none of the JCT vehicles operated on diesel fuel. However, JCT staff believed Mr. Sprague drove a truck which used diesel fuel. It is possible other individuals who had access to the card also had personal vehicles which used diesel fuel. Because JCT vehicles did not use diesel fuel, the \$148.50 of diesel purchases made with the card kept at the JCT office is included in **Exhibit A**. We are unable to determine who was able to use the card.

Adequate information was not available to determine for which JCT vehicles fuel was purchased. As a result, we are unable to determine what non-diesel fuel, if any, was purchased for personal vehicles. As a result, we have not included any portion of the remaining (non-diesel) charges in **Exhibit A**.

Grocery Purchases – We identified 5 payments to grocery retailers for a total of \$463.37. Supporting documentation was not available for 3 of the payments and an explanation was not provided regarding why it was necessary for JCT to purchase groceries. The 5 payments are listed in **Table 28**.

Table 28

Check Date	Check Number	Vendor	Items Purchased	Amount
05/07/04	**	Hy-Vee	Rice, deli and bread	\$ 18.98
05/26/04	1061~	Fareway	Pop, chips, deli sandwich	61.19
11/23/04	1589*	Hy-Vee	<i>unknown</i>	95.54
03/15/05	1730*	Hy-Vee	<i>unknown</i>	132.82
07/06/05	1389^	Hy-Vee	<i>unknown</i>	154.84
Total				<u>\$ 463.37</u>

~ - Signed by Hank Brittan and written to JCT's insurance agent. From FNNB account.

** - Based on a receipt located in the cash drawer.

* - Signed by Mark Ackerman out of FNNB account.

^ - Signed by Susan Reese out of SSB account.

We were able to review receipts for the purchases made in May 2004. However, receipts were not available for the remaining 3 payments. The 3 payments were identified because the checks were written directly to Hy-Vee. We were unable to determine if additional groceries were purchased.

Mr. Ackerman made 2 purchases at Hy-Vee for a total of \$228.36 and Ms. Reese made 1 purchase at Hy-Vee for \$154.84. Based on receipts from the cash drawer seized by representatives of the Jasper County Sheriff's Office, JCT also made 2 payments for reimbursement of grocery purchases. The reimbursements totaled \$80.17.

Because groceries are not a normal operating expense of JCT, the \$463.37 of purchases is included in **Exhibit A** as improper disbursements.

Automotive Purchases – During our review of disbursements from JCT's accounts, we identified a \$215.87 payment to NAPA Auto Parts in Newton on March 1, 2006. Mr. Ackerman signed the check which included a memo stating "BUS 3317." The memo appears to indicate the payment was for a JCT vehicle. However, the invoice from NAPA documents the payment was made for service on a 1995 Cadillac Deville. According to JCT employees we spoke with, Mr. Ackerman's personal vehicle matched that description. **Appendix 14** includes a copy of the NAPA invoice and the check for payment signed by Mr. Ackerman. The \$215.87 payment to NAPA is included as an improper disbursement in **Exhibit A**.

Credit Card Payments – During our review of disbursements from JCT’s accounts, we identified 5 payments to credit card companies which total \$1,822.80. We were unable to locate supporting documentation for the payments. The payments identified are listed in **Table 29**.

Table 29			
Date	Payment	Vendor	Amount
12/02/04	1397 (EC)	Capital One (Collections)	\$ 350.00
02/22/05	1726*	Capitol One	450.00
05/10/05	ACH	Wells Fargo card phone payment	155.00
06/30/05	ACH	Wells Fargo card phone payment	150.00
10/12/05	ACH	Wells Fargo card phone payment	717.80
Total			<u>\$ 1,822.80</u>

EC – Electronic check from SSB account. All other disbursements were from FNNB account.

* - Signed by Mark Ackerman. All other payments were made electronically and the authorizer was not identified.

As illustrated by the **Table**, payments were made to Capital One for \$350.00 and \$450.00 in December 2004 and February 2005. Mr. Ackerman signed the \$450.00 payment but the other payment was made electronically. In addition, 3 payments which total \$1,022.80 were made electronically to Wells Fargo. We were unable to determine who authorized the electronic payments.

We attempted to obtain additional information from Capitol One but were not successful. We determined both Mr. Ackerman and Ms. Reese made payments to Capital One from their personal bank accounts during the period of our investigation. We did not identify payments to Wells Fargo from Mr. Ackerman’s or Ms. Reese’s personal accounts. However, we did not subpoena bank records for Ms. Reese. We were able to review only a limited number of bank records seized from Ms. Reese by the Jasper County Sheriff’s Office.

The total credit card payments of \$1,822.80 are included as improper disbursements in **Exhibit A**.

Payment to U-Haul – During our review of disbursements from JCT’s accounts, we identified a \$236.96 payment to U-Haul. Check number 1240 was issued on September 18, 2004 and was signed by Mr. Ackerman. As stated previously, JCT’s first payment for rent of Mr. Ackerman’s apartment in Newton was made on September 15, 2004. Based on rental payments made to the realty agent in Newton, the date of the U-Haul rental corresponds with Mr. Ackerman’s move from Cedar Falls to Newton. There was no documentation to support the payment and no discussion or approval in the Board minutes.

The payment to U-Haul of \$236.96 is included as an improper disbursement in **Exhibit A**.

Payments to Collection Agency – During our review of disbursements from JCT’s accounts, we identified 2 payments to NCO, a collection agency, which total \$1,316.54. The payments were made electronically on October 24, 2005 and November 17, 2005 from the SSB bank account. The payments included convenience fees of \$5 per payment. We were unable to locate any supporting documentation for the payments. In addition, we were unable to determine JCT owed any significant amount to its vendors. Because the payments do not appear to be associated with JCT operations, they appear to be personal in nature. The \$1,316.54 of payments to NCO are included as improper disbursements in **Exhibit A**.

Business Associations – We identified 6 electronic payments from JCT’s FNNB account to business associations which do not appear to be related to JCT’s operations. As previously stated, Mr. Ackerman’s wife owned and operated MKBN, a consulting services organization. It appears the payments identified are more appropriately MKBN’s expenses. The payments identified are listed in **Table 30** and total \$1,008.60.

Table 30		
Date	Payee	Amount
10/05/04	Intl Assc Business	\$ 209.95
10/27/04	National Small B	99.95
11/08/04	Intl Assc Business	109.95
11/12/04	National Small B	239.40
12/09/04	Intl Assc Business	109.95
08/22/05	National Small B	239.40
Total		<u>\$ 1,008.60</u>

Because the payments were made electronically, we are unable to determine who authorized them. Because the payments do not appear to be related to JCT’s operations, the \$1,008.60 is included in **Exhibit A** as improper disbursements.

Miscellaneous Purchases – During our review of disbursements from JCT’s accounts, we identified a number of other payments which do not appear to be related to JCT operations. The payments are listed in **Exhibit H** and the total by vendor is summarized in **Table 31**. Additional information about each vendor follows the **Table**. The total of \$3,432.18 is included as improper disbursements in **Exhibit A**.

Table 31	
Payee	Amount
CBE Group	\$ 186.82
C Works	60.00
DIRECTV	98.91
Dish Network	295.71
GE Money Bank	149.72
Lebeda	1,049.40
Mediacom	253.75
Newton Waterworks	111.77
Porters Camera Store	603.45
The Eye Care Associates	327.75
Wix Water Works	234.90
Swing Show Tickets	60.00
Total	<u>\$ 3,432.18</u>

- a) CBE Group – CBE Group is an accounts receivable management company which provides collection services for clients. We identified 2 electronic payments made to CBE Group from JCT’s accounts in February and March 2006. During our review of Mr. and Mrs. Ackerman’s personal bank statements, we identified a number of other payments to

this vendor which were made on a regular basis. From March 2004 to September 2004, payments were made from Mrs. Ackerman's personal account each month to CBE Group. It does not appear the payments of \$186.82 made from the JCT account were related to JCT operations.

- b) C Works – A \$60.00 payment was made to C Works on January 9, 2006 with check number 1442. The memo portion of the check stated “cell phone – Jake.” According to JCT's payroll journal, Jake Esrey occasionally received payments from JCT for providing driving services. We were unable to locate supporting documentation for the payment. In addition, it is not clear why JCT would pay a cell phone bill for Mr. Esrey.

We are not aware of any relationship between the Esrey's and Mr. Ackerman other than that of employer/employee. Kyle, Troy and Todd Esrey also received payments from JCT. Todd Esrey, like Jake Esrey, was routinely listed in the payroll journal. Kyle Esrey received contract labor payments and Troy Esrey received a limited number of payments for which we were unable to locate a description.

Jake Esrey was also identified on an improper check written to Wal-Mart for \$15.00. As illustrated in **Exhibit F**, the memo portion of check number 1747 stated “Jake's meds.”

It does not appear the \$60.00 cell phone payment made from the JCT account was related to JCT operations.

- c) DIRECTV and Dish Network – We identified 3 payments totaling \$394.62 to vendors who provide satellite television services. Specifically, we identified a payment to DIRECTV and 2 payments to Dish Network. JCT did not have satellite TV service in its office. We spoke with a representative of DIRECTV who confirmed JCT did not have an account with DIRECTV. We were unable to obtain any information from the Dish Network.

When we reviewed the limited number of bank statements available for Ms. Reese's personal bank accounts, we identified payments to DIRECTV. In addition, we reviewed an invoice from DIRECTV to Ms. Reese. A copy of the invoice is included in **Appendix 15**. As illustrated by the **Appendix**, the invoice was for service provided to Ms. Reese's personal residence in Allison.

- d) GE Money Bank – A \$149.72 payment was made to GE Money Bank on June 20, 2005 on behalf of Nathan Ackerman. As previously stated, Nathan Ackerman is Mr. Ackerman's son. He was also periodically a contract employee of JCT.

Appendix 16 includes a copy of the check. The check was electronically authorized and written to indicate Nathan Ackerman made the payment. We were unable to locate supporting documentation for the payment or obtain an explanation of why it was made from JCT's account.

- e) Lebeda – Lebeda is a retail store which primarily sells mattress sets, bedroom furniture and bedding accessories. A \$1,049.40 payment was made to Lebeda on January 7, 2005 from JCT's FNNB bank account. The check contained Mr. Ackerman's signature. We were unable to locate supporting documentation for the payment. According to a JCT employee we spoke with, Mr. Ackerman purchased a bed during his tenure at JCT. The purchase of a mattress set, bedroom furniture or bedding accessories is not reasonable for JCT operations. Therefore, this purchase appears to be personal in nature.
- f) Mediacom – Mediacom is a telecommunications vendor which provides cable television, internet and phone services. As previously stated, Iowa Telecom provided telephone and internet services to JCT. However, 2 payments which total \$253.75 were made to Mediacom from JCT's accounts in September 2005 and February 2006. If JCT had an account with Mediacom, we would expect to see monthly or regular payments to the vendor. Because JCT's telephone and internet service provider was not Mediacom and

JCT did not make regular payments to the vendor, it appears the payments were personal in nature.

- g) Newton Waterworks – We identified 2 checks to Newton Waterworks which total \$111.77. The checks were written in May and September of 2005. We verified with Newton Waterworks the payments made by JCT were for water services at Mr. Ackerman's personal residence. The memo on 1 check included the notation "water/sewer at Mark's apt." The other check included a combined payment for services for JCT and for Mr. Ackerman's personal residence. (The check was prepared for \$86.31, including \$68.60 related to services provided to Mr. Ackerman's apartment.) Payment of utility services for a personal residence is not a proper disbursement for JCT.
- h) Porters Camera Store – A \$603.45 check dated November 20, 2004 was issued from JCT's bank account to Porters Camera Store. The check was signed by Mr. Ackerman and contained a memo stating "Office Equipment." Porters Camera Store sells photo, digital and video photography products and accessories. We were unable to locate supporting documentation for the payment or identify any operational need for photography equipment or products by JCT.
- i) The Eye Care Associates – A \$327.75 check was issued to Eye Care Associates on August 8, 2005 from JCT's FNNB account. The check was signed by Mr. Ackerman and the memo portion contained the notation "Mark". During our review of Mr. Ackerman's personal bank accounts, we also identified a payment to Eye Care Associates. As a result, it appears Mr. Ackerman was a customer of the vendor. We were unable to locate supporting documentation for the payment. In addition, eye care services or products would not be a reasonable disbursement for JCT.
- j) Wix Water Works – We identified 3 payments between July 2004 and December 2005 totaling \$234.90 to Wix Water Works, a bottled water company. The memo portion of 2 checks include the notations "apartment" and "water cooler rent for Mark's," respectively. According to JCT staff we spoke with, the JCT office did not have a water cooler, but the staff observed a water cooler with Mr. Ackerman's personal belongings during his move to Newton. Because JCT did not keep a water cooler or purchase water for the JCT office, the 3 payments appear to be personal in nature.
- k) Swing Show Tickets – The March 2005 bank statement for JCT's SSB account includes a \$60.00 auto transfer debit on March 16, 2005 for "6 Swing Show Tickets – SR." The "SR" appears to be an authorization by Susan Reese. We were not able to locate any supporting documentation for the payment. Swing show tickets appear to be personal in nature and not related to JCT business.

Charges and Fees – During the period of our investigation, JCT incurred a significant amount of fees, including bank overdraft charges, non-sufficient fund fees from vendors, late payment or financing fees and cashier's check fees.

JCT incurred 59 charges from banks for insufficient fees. The charges are listed in **Exhibit I**. As illustrated by the **Exhibit**, 46 charges were incurred on the account held at FNNB and 13 charges were incurred on the account held at SSB. The charges total \$1,768.00. Had the improper disbursements previously identified not been made, it is unlikely the overdraft charges would have been incurred. The \$1,768.00 of charges is included in **Exhibit A**.

We also identified \$1,780.68 of late fees, finance charges and non-sufficient funds (NSF) fees paid to vendors. The fees identified are summarized in **Table 32** and are included in **Exhibit A** as improper disbursements. Because we were unable to review complete account histories from all of the vendors with whom JCT made purchases, we are unable to determine if we identified all late fees and finance charges incurred.

Table 32

Dates	Vendor	Description	Amount
11/30/04- 02/28/06	Newton Waterworks	10 \$1 penalties for late payment	\$ 10.00
09/27/05	Interstate Insurance	NSF (<i>non-sufficient funds</i>) fee	25.00
01/31/05- 05/31/05	Sully Coop	Finance charges	433.47
05/26/05- 06/03/05	Sully Coop	NSF (<i>non-sufficient funds</i>) fee	175.00
08/27/04	Alliant Energy	NSF (<i>non-sufficient funds</i>) fee	30.00
03/23/05- 01/20/06	Alliant Energy	Late payment fee	35.21
11/23/05	Phillips 66	NSF (<i>non-sufficient funds</i>) fee	29.00
12/30/04	M&M Sales	Late payment fee	13.24
07/31/04- 12/30/04	Barney's Wrecker & Crane	Service charge for not paying balance	129.76
Total			<u>\$ 880.68</u>

Loss of Deposit – In a letter dated November 2, 2005, the owner of the property which housed JCT's office notified Mr. Ackerman he would be keeping the \$900.00 deposit made on the property rented from him. The letter also listed a number of conditions, including broken and cracked ceiling tiles, uncleaned carpet, sheetrock which had not been mudded or painted, a ditch that had not been filled and uncut grass. Because JCT did not recover the deposit as a result of not properly caring for the property, the \$900.00 has been included in **Exhibit A**.

UNSUPPORTED DISBURSEMENTS

As previously stated, we reviewed all disbursements from JCT's checking accounts and savings account. When we attempted to compare the disbursements to supporting documentation, we determined JCT did not have supporting documentation for the majority of its disbursements.

Some of the unsupported disbursements appear to be appropriate for JCT operations. We discussed the disbursements which were unusual in nature with JCT staff members to determine if they were appropriate for JCT's operations. When possible, we also confirmed certain disbursements with vendors to determine if additional information was available. The unsupported disbursements for which we identified concerns are discussed in detail in the following paragraphs.

Payments to Vendors - We identified \$8,476.16 of unsupported payments to various vendors which may be appropriate for JCT operations or may be personal in nature. **Table 33** summarizes these disbursements by type. Subsequent **Tables** include lists of payments to each type of vendor. Each vendor classification is explained in more detail in the following paragraphs.

Table 33

Vendor Classification	Table/ Exhibit	Amount
Automotive	Table 34	\$ 1,594.15
Home/Office improvement	Table 35	1,119.03
Lodging	Table 36	559.08
Miscellaneous	Table 37	2,287.98
Office supplies	Table 38	2,768.11
Wal-Mart	Exhibit F	147.81
Total		<u>\$ 8,476.16</u>

- a) Automotive expenses – We identified 5 checks to automotive vendors from August 28, 2004 through April 23, 2005 which total \$1,594.15. Because we were unable to locate supporting documentation for the payments, we were unable to determine if the disbursements were for JCT's operations. **Table 34** lists the 5 checks to automotive vendors. As illustrated by the **Table**, Mr. Ackerman signed the 4 checks which totaled \$1,018.63 and Ms. Reese signed a \$575.52 check.

Table 34

Check Date	Check Number	Payee	Check Memo	Amount	Signer
08/28/04	1193	Dan Deere Motors	"Vehicle Expense"	\$ 153.81	MA
12/15/04	1619	Mach III	^	212.00	MA
01/17/05	1670	Fecht Service	"82 Van"	270.82	MA
04/23/05	1771	Cooper Motors	none	382.00	MA
01/21/05	1365	Sears	"tires"	575.52	SR *
Total				<u>\$ 1,594.15</u>	

* - From SSB account. Remaining checks were from FNNB account.

^ - Check memo not legible due to quality of check copy

MA - Mark Ackerman

SR - Susan Reese

For example, on January 21, 2005, Ms. Reese wrote a \$575.52 check to Sears which contained the notation "tires." However, JCT records do not include a receipt for tires or a maintenance log which documents a specific JCT vehicle received tires in January 2005.

Because automotive expenses are reasonable for JCT operations but also could be personal expenses, we have included the \$1,594.15 in **Exhibit A** as unsupported disbursements.

- b) Home/office improvement expenses – We identified 7 checks issued from JCT's FNNB account to Menards, a home improvement vendor. Mr. Ackerman signed all 7 checks which were dated from November 27, 2004 through November 21, 2005 and total \$1,119.03. **Table 35** lists the 7 checks.

Table 35

Check Number	Check Date	Check Memo	Amount	Signer
11/27/04	1592	"office"	\$ 145.08	MA
02/03/05	1700	none	100.07	MA
07/19/05	1891	none	458.24	MA
08/12/05	1931	"office exp"	78.93	MA
09/14/05	1974	"office remodel"	129.44	MA
11/02/05	2036	"shop repairs"	132.38	MA
11/21/05	2057	"shop"	74.89	MA
Total			<u>\$ 1,119.03</u>	

MA – Mark Ackerman

As illustrated by the **Table**, 5 of the checks included a notation in the memo portion of the check. Some of the notations indicate repairs or remodeling occurred at the JCT office and/or shop. However, there is no record of office renovations or repairs.

Because home/office improvement expenses are reasonable for JCT operations but also could be personal expenses, we have included the \$1,119.03 in **Exhibit A** as unsupported disbursements.

- c) Lodging expenses – We identified 5 checks issued from JCT’s FNNB account to hotels. **Table 36** lists the checks identified. As illustrated by the **Table**, the checks total \$559.08.

Table 36

Check Date	Check Number	Payee	Check Memo	Amount	Signer
05/03/04	1033	Ramada Limited, Newton IA	"room for Mark - 1 night"	\$ 31.79	HB
05/06/04	1041	Ramada Limited, Newton IA	<i>none</i>	43.95	SR
05/20/04	1060	Best Western	"poolside room for 05/21/04"	76.59	HB
07/09/04	1106	Ramada Limited, Newton IA	<i>none</i>	131.85	SR
08/13/04	1173	HomeRidge Inn	"Travel Exp"	274.90	SR
Total				<u>\$ 559.08</u>	

HB - Hank Brittan, JCT employee during early months in 2004 when JCT moved to Newton

SR - Susan Reese

We were unable to locate any other supporting documentation, such as travel reimbursement claims or Board discussion or approvals, for the any of the 5 payments. However, during our review of records seized by the Jasper County Sheriff’s Office, we located hotel receipts for 2 of the checks listed in the **Table**. We were unable to obtain receipts for the payments to Best Western and HomeRidge Inn and the \$31.79 payment to Ramada Limited. The receipts available document Mr. Ackerman occupied a hotel room in Newton in May 2004.

As illustrated by the **Table**, all 5 payments were made between May 2004 and August 2004, which was the time period Mr. Ackerman was transitioning from Cedar Falls to Newton. It was also prior to the time when JCT began paying to rent an apartment in Newton for Mr. Ackerman.

We were unable to locate any documentation which showed the Board’s approval for JCT to pay Mr. Ackerman’s temporary lodging or moving expenses. While it is not unreasonable for JCT to pay certain lodging costs for Mr. Ackerman during his relocation to Newton, the costs should be clearly approved by the Board and supported by appropriate documentation.

Because we are not able to determine if JCT should have paid for Mr. Ackerman’s temporary lodging, we have classified these payments as unsupported disbursements in **Exhibit A**.

- d) Office supplies – We identified 13 checks to Staples, an office supply store, for which we could not locate documentation of the goods or services purchased. The nearest location of the chain is in Marshalltown, approximately 23 miles from Newton. **Table 37** lists the \$2,768.11 of payments to Staples we identified.

Table 37

Check Date	Check Number	Check Memo	Amount	Signer
05/05/04	1173	^	\$ 110.20	^ *
05/14/04	1180	^	223.17	^ *
07/18/04	1278	^	225.70	^ *
10/04/04	1262	"office supplies"	177.29	MA
11/27/04	1591	none	292.08	MA
01/14/05	1363	"Quik bks"	349.62	SR *
03/01/05	1729	"office supplies"	273.12	MA
06/30/05	1856	"office supplies"	317.03	MA
11/09/05	2049	none	63.54	MA
12/18/05	1270	"printer ink"	79.17	^ *
01/06/06	2093	"office"	105.87	MA
02/10/06	2215	"printer cart"	366.99	MA
02/23/06	2233	"office supplies"	184.33	MA
Total			\$ 2,768.11	

* - From SSB account. Remaining checks were from FNNB account.

^ - Undeterminable

MA - Mark Ackerman

SR - Susan Reese

As illustrated by the **Table**, we were unable to review images of 3 of the checks. In addition, only 8 of the available checks have a description in the memo portion of the check.

Although office supply purchases are routine business expenses, it is also possible personal purchases may have been made at Staples. Because we were unable to review documentation to support the purchases and determine their propriety, the payments which total \$2,768.11 are included in **Exhibit A** as unsupported disbursements.

- e) Miscellaneous disbursements – We identified 8 payments from JCT's accounts to various vendors which were not supported by appropriate documentation. **Table 38** summarizes the unsupported disbursements to the vendors.

Table 38

Check Date	Check Number	Payee	Amount	Signer
04/02/04	EC	unknown debit	\$ 637.45	^ *
07/13/04	EC	unknown debit	75.00	^ *
08/31/04	1201	Lyman and Lyman	525.00	MA
10/26/04	1551	Salvation Army	138.00	MA
11/01/04	1393	IRS	500.00	SR *
04/22/05	1764	Sam's Club	282.53	MA
04/22/05	1765	Sam's Club	30.00	MA
07/09/05	1351	Kellogg CIA	100.00	SR
Total			\$ 2,287.98	

EC – electronic check (date is per bank statement)

^ - Signer could not be determined

* - From SSB account. Remaining disbursements were from FNNB account.

MA - Mark Ackerman

SR - Susan Reese

As illustrated by the **Table**, the payments occurred between April 2004 and July 2005. None of the checks included a description in the memo portion. Without supporting documentation and/or a description of the payment, we are unable to determine what goods and/or services were purchased. As a result, we are unable to determine the propriety of the payments.

Mr. Ackerman signed 4 checks which total \$975.53 and Ms. Reese signed 2 checks which total \$600.00. The remaining 2 payments which total \$712.45 were automated transactions and unknown debits. We are unable to determine who authorized the 2 transactions.

Because we are unable to determine the purpose of the payments identified, the \$2,287.98 of miscellaneous vendor payments are included in **Exhibit A** as unsupported disbursements.

Disbursements to Rod Roose – Rod Roose, a JCT Board member, received a number of payments from JCT from July 2004 through March 2006 which were not adequately supported. The payments are listed in **Table 39**.

Table 39

Check Date	Check Number	Memo	Amount	Signer
07/31/04	1313	-	\$ 237.59	^ *
04/16/05	1758	"contract labor"	250.00	MA
08/13/05	1932	"labor"	1,000.00	MA
03/01/06	2236	"principal"	1,500.00	MA
03/09/06	1528	"repayment of loan"	500.00	SR *
03/09/06	1801	"repayment of loan"	500.00	SR
Total			<u>\$ 3,987.59</u>	

MA – Mark Ackerman

SR – Susan Reese

* - From SSB account. Remaining checks are from FNNB account.

As illustrated by the **Table**, the payments to Mr. Roose total \$3,987.59. In addition to the payments made to Mr. Roose, we identified a \$5,500.00 personal check from Mr. Roose which was deposited to JCT's account on December 5, 2005. The total of the payments to Mr. Roose was less than the \$5,500.00 he paid to JCT. According to the memo portions of the checks, the 3 payments in March 2006 were repayments of a \$5,500.00 loan Mr. Roose made to JCT. Neither the deposit (loan) nor the payments to Mr. Roose are supported by adequate documentation to determine their propriety.

The minutes from the JCT December 17, 2005 Board meeting state the following:

"On December 1, 2005, Mark Ackerman secured a personal loan of \$5500.00 and injected all \$5500.00 into the Jasper County Transit account in Newton to meet all payroll obligations to the employees. Terms of the loan are interest payable at 8% interest, interest payable after the first 90 days, then monthly payments of \$300.00 per month plus interest starting April 1. Since it has been done in past tense, the executive director [Mr. Ackerman] secured the loan on his own behalf, and would like board's approval for DTA [JCT] to assume the responsibility of the payments. The money was received to make payroll and to assist in the audit expense.

Action item: Unanimous consent to have DTA [JCT] assume responsibility of payments on loan. Rod Roose will monitor this debt and accept payment for this debt and deliver to debtor to be sure it is properly taken care of."

We were unable to review any documentation to verify Mr. Ackerman secured a personal loan, the loan's terms and conditions or the loan provider. In addition, when we reviewed Mr. Ackerman's personal bank statements we did not locate any evidence to verify Mr. Ackerman received \$5,500.00 from a lender. In addition, we could not locate a \$5,500.00 deposit to JCT's accounts by Mr. Ackerman.

However, when we reviewed JCT's bank records, we determined Mr. Roose wrote a personal check to JCT for \$5,500.00. The check was deposited on December 5, 2005. It is unclear why the Board was told Mr. Ackerman secured a personal loan for \$5,500.00 which was deposited to JCT's accounts when the deposit was actually a personal check from Mr. Roose.

Because bank records document JCT received more from Mr. Roose than he received, we did not include the 6 unsupported disbursements to Mr. Roose in **Exhibit A**.

Payments to Other Individuals - We identified a number of unsupported disbursements to individuals. **Exhibit J** lists the individuals who received more than \$100.00 of unsupported payments. Because of the number of unsupported payments identified and the relatively small dollar amounts involved, all payments to individuals who received less than a total of \$100.00 were excluded from the **Exhibit**.

The **Exhibit** includes 47 unsupported payments to individuals, some of who were employees and Board members. Of these 47 payments, 14 were described as contract labor in the memo portion of the check and 23 were described as payroll or "payroll-contract labor." There were 9 payments without a description in the check memo and 1 check which was not available for review.

Table 40 summarizes the unsupported payments by type and individual. As illustrated by the **Table**, the payments to individuals who received more than \$100.00 total \$17,475.46. The **Table** also identifies which of the payees were also JCT employees. Additional information about each type of payment follows the **Table**.

Table 40					
Name	(a) Payroll	(b) Contract Labor	(c) Reimburse- ment	(d) Undocu- mented	Total
Nathan Ackerman*	\$ 1,346.97	625.00	-	250.00	2,221.97
Vernon Beck*	3,750.00	2,000.00	86.82	175.00	6,011.82
Henry (Hank) Brittan*	-		560.90	-	560.90
Kyle Esrey	180.00	352.00	-	42.00	574.00
Genevieve Gratoce	300.00	-	-	-	300.00
Dale Graves	-	-	140.00	350.00	490.00
Terry Hanneman	361.49	-	-	-	361.49
Donna Rasmussen*	-	-	300.00	-	300.00
Jim Scholl	-	-	-	600.88	600.88
Steve Slater*	500.00	-	-	900.00	1,400.00
Ray Sprague	2,250.00	-	-	-	2,250.00
Sherman Swank	204.40	-	-	-	204.40
Rich Turpen*	-	1,000.00	700.00	500.00	2,200.00
Total	\$ 8,892.86	3,977.00	1,787.72	2,817.88	17,475.46

* - Listed in JCT payroll journal as an employee.

- a) Payroll – The 23 checks described as “payroll” or “payroll-contract labor” total \$8,892.86. Of those checks, 15 were issued to individuals who were JCT employees at the time of payment, including Kyle Esrey, Nathan Ackerman, Vernon Beck and Steve Slater. Of these individuals, 3 received payments described as “contract labor.” Payments were also made to Ray Sprague, who was a Board member of JCT.

Payments described as payroll were made to 4 individuals who were not JCT employees. The individuals include Kyle Esrey, Genevieve Gratoce, Terry Hanneman and Sherman Swank.

We were unable to locate supporting documentation, such as invoices, timesheets or contracts, to support the payments. In addition, the payments were not consistent with normal payroll time periods or payroll amounts. None of the payments were included in the payroll journal or check register. In addition, payroll taxes were not deducted from these payments.

Of these 23 payments, 19 were for even dollar amounts, ranging from \$100.00 to \$650.00. The remaining 4 ranged in amount from \$204.40 to \$550.98. For the 3 individuals who were also employees, we were unable to determine why they received the payments in addition to their regular payroll.

- b) Contract labor – The 14 checks written for “contract labor” total \$3,977.00. Of those checks, 10 were payable to individuals who were JCT employees at the time of payment, including Nathan Ackerman, Vernon Beck and Rich Turpen. The remaining 4 payments were made to Kyle Esrey. As previously stated, Mr. Esrey periodically provided driving services to JCT.

We were unable to locate supporting documentation, such as invoices or contracts, to support the payments. As illustrated by the **Exhibit**, all 14 payments were made in even dollar amounts, ranging from \$63.00 to \$650.00. We are unable to determine why the 3 individuals who were also employees received contract payments in addition to payroll and why the additional payments were not included in the payroll journal. Because they were not recorded in the payroll journal, appropriate taxes were likely not withheld from the payments.

- c) Reimbursement – We identified \$1,787.72 of unsupported reimbursements paid to individuals by JCT. Although the reimbursements may be legitimate, JCT did not maintain adequate records to support the 8 payments identified. We were unable to locate receipts, Board meeting approval verification or accounting documentation to support the reimbursements. Check memo descriptions indicated reimbursements were for vehicle repairs, fuel, travel and training. Of the 8 checks, 4 were for even dollar amounts. Reimbursement of actual expenses is typically not in even dollar amounts.

- d) Undocumented - The 10 checks without check memo descriptions total \$2,817.88. Of those checks, 7 were written to individuals who were JCT employees, including Nathan Ackerman, Steve Slater, Rich Turpen and Vernon Beck. In addition, Kyle Esrey, Jim Scholl and Dale Graves received checks without check memo descriptions.

We were unable to locate any supporting documentation for the payments, such as invoices or contracts. Of the 10 payments, 9 were for even dollar amounts, ranging from \$42.00 to \$600.00. We are unable to determine why the JCT employees received these payments in addition to their regular payroll.

Although the payments to the individuals may have been appropriate, JCT records do not support these disbursements or explain why many individuals were receiving additional payments in addition to their regular payroll. The \$17,475.46 of unsupported payments to individuals are included in **Exhibit A** as unsupported disbursements.

OTHER ADMINISTRATIVE ISSUES

Promissory Notes - During our initial visit to JCT, Mr. Ackerman provided copies of promissory notes issued to JCT Board members and employees and the outstanding balances for each note. Some of the promissory notes were also included in the Board meeting documentation we reviewed. Promissory notes were signed by Mr. Sprague, Board President, and Mr. Ackerman, Board Vice-President. However, when we compared the promissory notes to the deposits made to JCT's bank accounts, we did not find deposits of amounts listed by Mr. Ackerman. As a result, we were not able to verify the accuracy of the information provided by Mr. Ackerman.

Table 41 lists the \$23,100.00 of promissory notes identified by Mr. Ackerman. The **Table** also includes the amounts we believe JCT actually received as a result of the promissory notes described by Mr. Ackerman and the related balances due to the note holders. Each of the notes are explained in the following paragraphs.

Table 41					
Note Holder	Date	Per JCT Records		Per Other Documentation	
		Amount of Note	Outstanding Balance per JCT	Amount of Note	Outstanding Balance
Mark Ackerman	12/01/04	\$ 18,400.00	18,400.00	1,843.00	1,843.00
	04/01/05	1,500.00	1,500.00	1,500.00	1,500.00
Subtotal		19,900.00	19,900.00	3,343.00	3,343.00
Ray Sprague	02/01/05	2,000.00	-	2,000.00	-
Susan Reese	03/01/05	1,200.00	700.00	300.00	300.00
Total		\$ 23,100.00	20,600.00	5,643.00	3,643.00

- a) Mark Ackerman (December 1, 2004) – According to minutes of the November 26, 2004 Board meeting, the Board approved future use of promissory notes to Mr. Ackerman for forgone salaries, as necessary. According to the documentation provided by Mr. Ackerman, as of December 1, 2004 he was entitled to \$18,400.00 for forgone salary. However, during our review of the payroll disbursements to Mr. Ackerman, we did not determine he had forgone that amount of salary by December 1, 2004.

As illustrated by **Table 13**, Mr. Ackerman received \$2,940.96 less than he was entitled to in payroll disbursements between April 2004 and June 2004. He also received \$4,137.91 less than he was entitled to from July 2004 through June 2005, for a total of \$7,078.87 for April 2004 through June 2005. This period covers the 8 months prior to the December 1, 2004 date of the promissory note and 7 months after that date. In addition, between April 2004 and December 2004, Mr. Ackerman received several improper and unsupported disbursements.

However, we determined Mr. Ackerman made a \$1,843.00 deposit to JCT's account on December 2, 2004. Rather than forgone payroll as the Board was told, the deposit was proceeds from a check issued by U.S. Bank to Mr. Ackerman. We do not have any addition information regarding the source of the funds.

We were unable to identify any specific repayments to Mr. Ackerman for the \$1,843.00 deposit or the \$18,400.00 promissory note he described. Because the \$18,400.00 promissory note was not supported by payroll records or other appropriate documentation, we determined the \$18,400.00 promissory note described by Mr. Ackerman was not valid. All improper or unsupported payments to Mr. Ackerman have been included in various

sections of this report. As a result, we have included the \$1,843.00 deposited to JCT's account by Mr. Ackerman as an offset to the improper disbursements in **Exhibit A**.

- b) Mark Ackerman (April 1, 2005) – A \$1,500.00 promissory note was issued to Mr. Ackerman on April 1, 2005. However, we were unable to locate a deposit from Mr. Ackerman in JCT's bank statements around this date. In addition, we did not identify any reductions from Mr. Ackerman's payroll around this time. However, we determined Mr. Ackerman made a \$1,500.00 deposit to JCT on September 3, 2004, 7 months prior to the date of the promissory note.

We were unable to identify any specific repayments to Mr. Ackerman for the \$1,500.00 deposit. All improper or unsupported payments to Mr. Ackerman have been included in various sections of this report. As a result, we have included the \$1,500.00 deposited to JCT's account by Mr. Ackerman as an offset to the improper disbursements in **Exhibit A**.

- c) Ray Sprague – A short-term promissory note was issued to Mr. Sprague for \$2,000.00 on February 1, 2005. However, the \$2,000.00 from Mr. Sprague was not deposited to JCT's account until March 4, 2005. It is unclear why a promissory note was established on February 1, 2005, approximately a month prior to receipt of the funds from Mr. Sprague.

In addition, 2 repayments of \$1,000.00 each were issued to Mr. Sprague. The first repayment was made on February 22, 2005, prior to deposit of the \$2,000.00 payment from Mr. Sprague to JCT. It is unclear why a repayment would be made prior to receipt of the proceeds from Mr. Sprague. The second repayment was issued on March 18, 2005, 14 days after the payment from Mr. Sprague was deposited.

Despite the unusual timing of the transactions associated with this promissory note, we have not included any of the related transactions in **Exhibit A**. The amount distributed from JCT's accounts to Mr. Sprague was offset by the amount deposited to JCT.

- d) Susan Reese – A \$1,200.00 promissory note was issued to Ms. Reese on March 1, 2005. However, we were unable to locate a deposit from Ms. Reese in JCT's bank statements around this date. In addition, we did not identify any reductions from Ms. Reese's payroll around this time. However, we identified a \$300.00 deposit to JCT's account from Ms. Reese on September 21, 2005. We did not identify any other deposits to JCT's accounts by Ms. Reese. It is unclear whether the \$300.00 deposit is related to the \$1,200.00 promissory note prepared 6 months earlier.

We were unable to identify any specific repayments to Ms. Reese for the \$300.00 deposit. Because the \$1,200.00 promissory note was not supported by appropriate documentation, we determined the promissory note was not valid. All improper or unsupported payments to Ms. Reese have been included in various sections of this report. As a result, we have included the \$300.00 deposited to JCT's account by Ms. Reese as an offset to the improper disbursements in **Exhibit A**.

Financial Records - Section 504A.25 of the *Code* requires each non-profit corporation to keep correct and complete books and records of account and minutes of the proceedings of its board of directors. As previously stated, we were unable to locate adequate documentation of a significant number of JCT's financial transactions.

Independent Board of Directors – In accordance with section 504.831 the *Code of Iowa*, Board of Directors or members of non-profit corporations are required to make decisions in good faith in a manner reasonably believed to be in the best interest of the entity. Board members should not have a conflict of interest, which occurs when a Board member has a direct or indirect interest in a transaction. As stated previously, each JCT Board member had an apparent conflict of interest.

Table 42 summarizes the conflicting positions and relationships of the Board members, demonstrating the lack of independent oversight. Such a lack of independent oversight allows for an environment which would not be strong enough to prevent transactions which occur at less than arm's length.

Table 42

Board Member	Board Designation[^]	Conflict of interest
Ray Sprague	President/Vice President	According to JCT staff, Mr. Sprague was a personal friend of Mark Ackerman. Mr. Sprague received payments from JCT for undisclosed/unsupported reasons. He also received payments from JCT personally or through his personal business which were not supported and which appeared improper. Mr. Sprague also used a JCT fuel card with no documented business purpose.
Mark Ackerman	Vice President	Executive Director of JCT. Mr. Ackerman received payments from and made deposits to JCT for undisclosed/unsupported reasons. Mr. Ackerman signed checks to himself and his personal business from JCT bank accounts and authorized significant payments to vendors for personal expenses.
Gerald Ackerman	President Secretary/Treasurer	Father of Mark Ackerman. Gerald Ackerman was an authorized check signer for JCT during the period of our investigation.
Susan Reese	Secretary/Treasurer Voting Member	Bookkeeper at JCT. Based on seized documents and discussions with JCT staff, Ms. Reese had a personal relationship with Mark Ackerman. Ms. Reese received payments from and made deposits to JCT for undisclosed/unsupported reasons. Ms. Reese signed checks and made transfers to herself.
Rod Roose	Voting Member – Joined Board November 28, 2005	According to a JCT employee, Mr. Roose was a personal friend of Mr. Ackerman. Mr. Roose made a deposit into a JCT checking account for undisclosed/unsupported reasons. Mr. Roose also received payments from JCT for undisclosed/unsupported reasons.

[^] - Board members held multiple board designation during the audit period. Records were not sufficient to determine dates of official board designation changes.

Based on the information summarized in the **Table**, we determined we could not rely on Board minutes to document approval and propriety of JCT's financial transactions. In addition, financial approvals and business decisions typically performed by a Board of Directors were not addressed in Board meeting minutes. For example, Mr. Ackerman and Ms. Reese routinely prepared and signed their own paychecks without documented Board approval or oversight.

Investigation by the Department of Inspections and Appeals – As previously stated, JCT provided Medicaid eligible services through the HCBS waiver program and received payments on behalf of Medicaid recipients who received transit services provided by JCT. In 2005, the Iowa Department of Inspections and Appeals (DIA) initiated an investigation of JCT through its Medicaid Fraud Control Unit as a result of a complaint JCT was billing for transportation it was not actually providing. We contacted a representative of DIA to discuss how their investigation was performed and the results and/or conclusions.

According to the DIA representative we spoke with, Medicaid participant information was gathered before DIA representatives started fieldwork. Information was collected for 58 participants. However, when they arrived at JCT, Mr. Ackerman stated only 12 of the 58 participants received services in Jasper County. The remaining participants were from the Waterloo area.

According to the DIA representative, the only way to distinguish where the participant received services was to be familiar with the individual participants. The participant's residence was not documented. As a result, they relied on Mr. Ackerman to identify participants who lived in Waterloo and who were to be excluded from the testing performed. The DIA representative stated the sample of participants tested was limited to the 12 participants identified by Mr. Ackerman. We are unable to determine the accuracy of Mr. Ackerman's statements to the DIA representative.

The DIA representative also stated when documentation could not be located during their testing, it was attributed to misfiling. DIA representatives did not follow-up on any missing documentation. We are unable to determine if any documentation not located during our fieldwork had been previously provided to DIA representatives for their review. On October 14, 2005, DIA closed the investigation stating it found no evidence of improper billings.

Because DIA's fieldwork was limited to only 12 participants (as identified by Mr. Ackerman) and we are unable to determine the propriety of the records provided to DIA by Mr. Ackerman, we did not rely on any procedures performed by DIA for assurance of adequate oversight. Instead, we developed our own procedures and performed additional testing. We did not identify any duplicate billings which appeared to result from intentional misrepresentation of information submitted by JCT.

RECOMMENDED CONTROL PROCEDURES

As part of our investigation, we reviewed procedures used by JCT to process receipts and disbursements. An important part of internal control is to establish procedures which provide accountability for assets susceptible to loss from errors and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance that errors or irregularities will be noted within a reasonable time during the course of normal operations.

We observed a consistent lack of internal controls, including a lack of segregation of duties, a lack of oversight by an independent Board of Directors and inadequate financial accounting records. Because JCT is no longer in operation, we have identified our control findings without recommendations.

- A. Segregation of Duties - An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling incompatible duties. For example, the person signing checks should be independent of the person approving disbursements, handling petty cash, recording cash receipts, etc.

JCT had not established adequate controls in this area. Specifically, Mr. Ackerman, Executive Director, and Susan Reese, Bookkeeper, both wrote checks for JCT and had access to the *QuickBooks Pro*® accounting system used at JCT. Further, they entered cash receipts into the receipts journal and deposited cash and checks into JCT bank accounts. According to JCT staff we spoke with, Mr. Ackerman opened JCT mail and routinely withheld cash receipts from deposits for alleged business purposes.

- B. Financial Accounting Records - JCT maintained incomplete and inadequate records for the full duration of its operation from April 1, 2004 through April 1, 2006. The payroll journal, check register and receipt reports were incomplete and disbursements were not consistently supported by invoices or other appropriate documentation.

JCT did not reconcile bank records to accounting records and bank records could not be reconciled to the check register or payroll support. For example, we identified over \$11,000.00 of payments recorded in the payroll journal which did not clear the bank. We also identified checks issued for payroll which were not in the payroll journal. The check register included a significant amount of deposits and disbursements which did not clear the bank and did not match vendor confirmations.

Accounting records at JCT were inadequate in every area of JCT operations. Therefore, the complete extent of improper and unsupported transactions is unknown. During our review of JCT records, we determined, at a minimum, the following JCT-maintained records were inaccurate:

- Expenses by Vendor Detail Report – Summarizes disbursements by vendor.
- Income by Customer Report – Summarizes revenues and outstanding receivables by vendor.
- Payroll Journal – Documents employee name, wage base, withholdings, net pay and date of payment.
- Cash/Check Log Sheet – Documents bus driver, cash/checks collected, date and rider's name.

- Checks for Invoices Log Sheet – Documents cash and check receipts recorded in the office, including amount, date, source and description of form of payment.
- Bus Ticket Log Sheet – Documents time and date of bus ticket use.
- VIP Log Sheet – Documents VIP bus passes processed, including VIP bus pass number, client name and description of form of payment.
- Trip Report – Documents vehicle identification, odometer readings before and after trip, total miles and number of trips and is used as basis of HIRTA-required reports.
- Ride Report – Documents number of trips approved for client, number of trips taken and the cost per trip.
- Cash Drawer Records – Documents cash receipts and disbursements and maintains receipts for cash disbursements.
- Record of Loans/Payroll Advances and Repayments – Documents agreements between JCT and individuals outlining terms and conditions of loans and payroll advances.

We were unable to determine actual receipts and disbursements of JCT because the documentation supporting receipts and disbursements was not complete.

- C. Cash Drawer – Cash was kept in a drawer in the JCT office. Because some of the cash was used to pay JCT operating costs, the drawer acted as a petty cash fund. However, because fares collected were added to the drawer and deposits were periodically made to the bank from proceeds taken from the drawer, the amount of cash kept in the drawer was not consistent.

In addition, receipts or other appropriate documentation was not maintained for all disbursements from the drawer.

- D. Payroll Journal – During review of the JCT payroll journal, we identified significant discrepancies between the payroll journal records and actual payroll payments. We identified \$11,097.04 of payments in the payroll journal which could not be traced to checks clearing the bank. We also identified significant errors in the payroll journal with incorrect check numbers and incorrect amounts. As summarized earlier in the report, we also identified significant disbursements classified as payroll which were not recorded in the payroll journal.

As a result of the inaccuracies in the payroll journal, JCT failed to report accurate income for its employees, deduct required taxes from employee wages or pay required employer taxes on behalf of employees.

- E. Payroll Taxes Not Paid - We did not identify sufficient checks issued for payment of payroll taxes and other employer expenses. During the two year review period, we only identified three payments believed to be for taxes. The following table summarizes the payroll taxes paid by JCT.

Check Date	Check Number	Description	Amount
11/2/04	1393	Internal Revenue Service	\$ 500.00
05/11/05	1476	Iowa Dept. of Revenue	250.31
08/12/05	1946	Iowa Dept. of Revenue	1,202.62
Total			<u>\$ 1,952.93</u>

- F. Falsified Quarterly Wage Report - During our initial review with JCT, Mr. Ackerman provided a quarterly wage report totaling \$53,447.21 for the first quarter of 2005, which reconciled to the payroll journal. However, when we requested the report from the State for the same time period, we learned Mr. Ackerman submitted a quarterly report totaling only \$41,046.88 to the State. Reconciling the actual submitted quarterly report to the payroll journal, JCT underreported wages by \$12,400. In addition, since the payroll journal is unreliable, the full extent of inaccuracies in reporting is unknown.
- G. Failure to File State Withholding Reports - State officials stated JCT did not file state withholding reports. Every employer who maintains an office or transacts business in Iowa and is required to withhold federal income tax on any compensation paid to employees for services performed in Iowa is required to withhold Iowa individual income tax from that compensation.
- H. Failure to File Form 990 as a Nonprofit Entity - The Internal Revenue Service had no record JCT filed Form 990. Form 990 is the information return most 501(c)(3) nonprofit organizations file annually with the IRS. Filing an accurate and complete Form 990 with the IRS and appropriate state officials is required by law. As stewards of the public's money, nonprofits have a responsibility to report on their activities, including their finances.

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Exhibits

Report on Special Investigation of
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Summary of Findings
For the period April 1, 2004 through April 1, 2006

Description	Exhibit/Table/ Page	Amount
Undeposited Collections:		
Collections by drivers	Table 4	\$ 12,907.29
Collections by office staff	Table 5	920.00
Collections from grants and contracts	Table 6	3,604.00
Cash withheld from deposit	Table 8	3,800.00
Sale of asset	Pages 12 and 13	500.00
Total undeposited collections		<u>\$ 21,731.29</u>
Improper Disbursements:		
Cash withdrawals: Mark Ackerman	Table 9	5,260.00
Susan Reese	Table 10	2,400.00
Checks written for cash: Mark Ackerman	Exhibit B	16,275.00
Susan Reese	Table 11	6,255.00
Outstanding payroll advances to JCT employees	Exhibit E	1,296.50
Reimbursements: Mark Ackerman	Table 15	1,900.00
Susan Reese	Table 16	5,081.00
Ray Sprague	Table 17	3,819.28
Bank transfers	Table 18	910.75
Other checks to Susan Reese	Pages 22 and 23	500.00
Wal-Mart purchases	Exhibit F	1,796.45
Rent payments:		
Ina Petersen	Table 20	1,400.00
Birkenholtz Realty	Pages 24 and 25	10,060.00
Materials to build ramp	Page 25	303.25
Payments to MKBN	Table 22	14,143.58
Payments to Century Sod	Table 23	5,930.00
Payments to U.S. Cellular	Exhibit G	11,943.29
Payments to Qwest	Table 24	1,035.96
Insurance expenses	Table 25	1,445.38
Gas card purchases:		
Card held by Ray Sprague	Table 27	1,365.46
Diesel purchases	Pages 30 and 31	148.50

Description	Exhibit/Table / Page	Amount
Grocery purchases	Table 28	463.37
Automotive purchases	Page 31	215.87
Credit card payments	Table 29	1,822.80
Payment to U-Haul	Page 32	236.96
Collection agency	Page 32	1,316.54
Business associations	Table 30	1,008.60
Miscellaneous purchases	Table 31	3,432.18
Charges and fees: Banks	Exhibit I	1,768.00
Vendors	Table 32	880.68
Loss of deposit	Page 36	900.00
Total improper disbursements		105,314.40
Total undeposited collections and improper disbursements		127,045.69
Unsupported Disbursements:		
Payments to vendors	Table 33	8,476.16
Disbursements to individuals	Table 40	17,475.46
Employee Christmas bonuses	Pages 22 and 23	600.00
Total unsupported disbursements		26,551.62
Total undeposited collections, improper and unsupported disbursements		153,597.31
Less:		
Unpaid payroll: Mark Ackerman	Table 13	(10,788.34)
Susan Reese	Table 14	(449.51)
Promissory note balances: Mark Ackerman	Table 41	(3,343.00)
Susan Reese	Table 41	(300.00)
Net total		\$ 138,716.46

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Checks Written for Cash by Mark Ackerman
For the period April 1, 2004 through April 1, 2006

Check Number	Date Cleared	Payee	Memo Line	Amount
1065	05/21/04	LSB	<i>none</i>	\$ 500.00
1217	09/14/04	LSB	"travel exp"	150.00
1293	10/20/04	LSB	<i>none</i>	500.00
1300	10/25/04	FNNB	<i>none</i>	500.00
1581	11/12/04	FNNB	<i>none</i>	500.00
1588	11/22/04	LSB	"travel reimb"	500.00
1590	11/26/04	FNNB	<i>none</i>	500.00
1611	12/09/04	FNNB	<i>none</i>	150.00
1626	12/20/04	LSB	<i>none</i>	350.00
1630	12/22/04	FNNB	"cash"	700.00
1668	01/14/05	LSB	<i>none</i>	250.00
1696	02/02/05	LSB	<i>none</i>	150.00
1701	02/24/05	FNNB	<i>none</i>	1,650.00
1748	04/07/05	FNNB	"office exp-Ray"	250.00
1813	05/13/05	FNNB	"cash"	500.00
1830	06/03/05	FNNB	<i>none</i>	150.00
1855	06/30/05	FNNB	<i>none</i>	300.00
1875	07/15/05	FNNB	<i>none</i>	600.00
1888	07/19/05	FNNB	<i>none</i>	500.00
1917	08/04/05	FNNB	"ad ex"	350.00
1869	08/11/05	FNNB	<i>none</i>	250.00
1933	08/16/05	FNNB	"reimb exp-office"	350.00
1971	08/30/05	FNNB	"cash"+D5	250.00
1980	09/27/05	FNNB	"fuel exp"	200.00
2014	10/15/05	FNNB	<i>none</i>	400.00
2112	11/28/05	FNNB	"cash-gas"	300.00
2060	12/01/05	LSB	"travel exp"	200.00
2127	12/06/05	FNNB	"gas"	400.00
2064	12/16/05	FNNB	"fuel"	600.00
2067	12/21/05	FNNB	"fuel"	500.00
2165	12/28/05	FNNB	"cash-fuel"	300.00
2070	01/06/06	LSB	"travel"	250.00
2095	01/10/06	FNNB	"fuel"	600.00
2096	01/12/06	FNNB	"fuel exp"	500.00
2101	01/26/06	FNNB	<i>none</i>	200.00
2252	03/06/06	FNNB	"fuel"	350.00
2257	03/22/06	FNNB	"fuel"	700.00
2258	03/23/06	FNNB	"tires"	350.00
2261	03/29/06	FNNB	<i>none</i>	350.00
2262	03/30/06	FNNB	"Forbes"	175.00
Total				<u>\$ 16,275.00</u>

LSB - Lincoln Savings Bank
FNNB - First Newton National Bank

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Payroll Checks to Mark Ackerman
For the period April 1, 2004 through April 1, 2006

Bank	Check Number	Date Cleared	Memo Line	Amount	Signer
SSB	1117	04/02/04	-	\$ 625.73	^
SSB	1143	04/16/04	-	600.00	SR
FNNB	1055	05/14/04	-	650.00	RS
SSB	1196	05/28/04	-	500.00	SR
SSB	1214	06/08/04	-	2,000.00	SR
Subtotal April - June 2004				<u>4,375.73</u>	
SSB	1248	07/01/04	payroll	2,296.65	SR
SSB	1264	07/09/04	-	675.00	SR
FNNB	1165 *	08/01/04	payroll	1,061.74	MA
FNNB	1170	08/11/04	-	400.00	SR
FNNB	1192 *	08/25/04	-	1,100.00	MA
SSB	1355	09/16/04	-	400.00	SR
SSB	1334	09/27/04	-	500.00	SR
FNNB	1260 *	10/04/04	payroll	1,117.73	MA
FNNB	1273	10/12/04	-	500.00	MA
SSB	1362	10/14/04	-	1,000.00	SR
FNNB	1294	10/23/04	-	550.00	MA
FNNB	1306 *	10/29/04	payroll	1,117.72	SR
SSB	1358 *	11/12/04	JCT Payroll	1,117.74	SR
FNNB	1334 *	11/22/04	payroll	1,117.73	SR
FNNB	1614	12/13/04	-	500.00	MA
FNNB	1625	12/16/04	-	618.00	MA
FNNB	1627	12/21/04	-	650.00	MA
FNNB	1666 *	01/14/05	payroll	1,117.00	MA
FNNB	1669	01/16/05	-	675.00	MA
FNNB	1689	01/25/05	-	300.00	MA
FNNB	1714 *	02/11/05	payroll	1,000.00	MA
FNNB	1719	02/21/05	payroll	800.00	MA
SSB	1407	02/24/05	payroll	1,150.00	GA
FNNB	1430 *	03/12/05	payroll	1,120.74	SR
FNNB	1409	03/29/05	payroll	1,120.74	SR
FNNB	1751	04/09/05	payroll	1,120.73	MA
FNNB	1464 *	04/22/05	payroll	1,129.73	SR
FNNB	1818	05/20/05	payroll	600.00	MA
Subtotal July 2004 - June 2005				<u>24,856.25</u>	

Bank	Check Number	Date Cleared	Memo Line	Amount	Signer
FNNB	1861	07/05/05	payroll	1,117.00	MA
FNNB	1872	07/14/05	payroll	500.00	MA
FNNB	1913	07/25/05	payroll	500.00	MA
FNNB	1916	08/07/05	payroll	400.00	MA
FNNB	1866	08/08/05	-	750.00	MA
FNNB	1948	08/23/05	payroll	750.00	MA
FNNB	1950	08/29/05	payroll	300.00	MA
FNNB	1975	09/18/05	payroll	750.00	MA
FNNB	1976	09/27/05	-	450.00	MA
FNNB	2013	10/14/05	payroll	1,000.00	MA
FNNB	2020	11/17/05	payroll	1,000.00	MA
SSB	1489	11/23/05	-	300.00	SR
FNNB	2063	12/15/05	payroll	1,000.00	MA
FNNB	2066	12/19/05	payroll	500.00	MA
FNNB	2068	12/23/05	payroll	600.00	MA
FNNB	2170	01/06/06	payroll	1,117.00	MA
SSB	1512	01/13/06	payroll	1,117.00	SR
FNNB	2098	01/25/06	-	350.00	MA
FNNB	2102	02/01/06	payroll	400.00	MA
SSB	1524	02/20/06	payroll	500.00	SR
SSB	1526	02/22/06	payroll	400.00	SR
FNNB	2231	02/23/06	payroll	800.00	MA
FNNB	2237	03/02/06	payroll	400.00	MA
FNNB	2253	03/08/06	payroll	1,117.00	MA
FNNB	2256	03/21/06	payroll	750.00	MA
SSB	1530	03/30/06	payroll	600.00	SR
SSB	1529	04/05/06 #	payroll	500.00	SR
Subtotal July 2005 - April 2006				17,968.00	
Total				<u>\$ 47,199.98</u>	

^ - Signature on check is illegible on copy obtained from SSB.

* - Agrees with entry in payroll journal.

- Payment cleared JCT's bank account after April 1, 2006. We concluded the payment was applicable to the review period.

Bank:

FNNB - First Newton National Bank

SSB - Security Savings Bank

Signers:

GA - Gerald Ackerman

MA - Mark Ackerman

SR - Susan Reese

RS - Ray Sprague

Report on Special Investigation of
Jasper County Transit

Payroll Checks to Susan Reese
For the period April 1, 2004 through April 1, 2006

Bank	Check Number	Date Cleared	Memo Line	Amount	Signer
SSB	1142	04/16/04	"payroll"	\$ 200.00	SR
FNNB	1020	04/30/04	"payroll"	46.74	HB
FNNB	1021	04/30/04	"payroll"	355.01	HB
FNNB	1052	05/14/04	-	401.75	SR
FNNB	1076	05/28/04	-	401.75	HB
SSB	1231	06/08/04	"payroll"	450.00	SR
FNNB	1083	06/11/04	"payroll"	401.75	HB
FNNB	1101	06/25/04	"payroll"	401.75	HB
Subtotal April - June 2004				<u>2,658.75</u>	
FNNB	1117	07/09/04	-	401.75	MA
FNNB	1127	07/23/04	"payroll"	401.75	SR
FNNB	1157	08/01/04	-	401.75	MA
FNNB	1175	08/16/04	"payroll"	401.75	SR
FNNB	1197	08/30/04	"payroll"	401.75	SR
SSB	1348	09/09/04	"payroll"	300.00	SR
SSB	1356	09/22/04	"payroll"	100.00	SR
FNNB	1243	09/26/04	"payroll"	401.75	MA
FNNB	1259	10/04/04	"payroll"	401.75	MA
FNNB	1274	10/14/04	"payroll"	401.75	MA
FNNB	1304	10/26/04	"payroll"	401.75	SR
SSB	1359	11/12/04	"Payroll JCT"	429.75	SR
SSB	1360	11/12/04	"payroll JCT"	1,117.74	SR
FNNB	1346	11/22/04	"payroll"	429.75	MA
FNNB	1359	12/10/04	"payroll"	429.75	MA
SSB	1426	01/03/05	"payroll 12/24"	429.75	SR
FNNB	1428	01/07/05	-	429.75	SR
SSB	1364	01/15/05	-	250.00	SR
FNNB	1429	01/16/05	-	430.75	-
FNNB	1382	02/02/05	"payroll"	420.75	SR
SSB	1369	02/02/05	-	150.00	SR

Bank	Check Number	Date Cleared	Memo Line	Amount	Signer
FNNB	1388	02/12/05	"payroll"	408.75	MA
FNNB	1403	03/04/05	"payroll"	408.75	MA
FNNB	1442	03/12/05	"payroll"	408.75	MA
FNNB	1390	03/29/05	"payroll"	408.75	MA
FNNB	1451	04/12/05	"payroll"	410.75	MA
FNNB	1468	04/22/05	"payroll"	410.75	SR
FNNB	1463	04/22/05	-	500.00	MA
FNNB	1482	05/12/05	"payroll"	410.75	MA
Subtotal July 2004 - June 2005				<u>11,900.99</u>	
SSB	1435	07/14/05	"payroll"	410.75	SR
SSB	1437	08/12/05	"payroll"	410.75	SR
SSB	1439	08/15/05	"payroll"	410.75	SR
SSB	1451	09/16/05	"payroll"	401.75	SR
SSB	1440	09/16/05	"payroll"	410.75	SR
SSB	1268	10/13/05	"payroll"	410.75	SR
FNNB	1797	12/15/05	"payroll"	410.75	SR
FNNB	1798	01/06/06	"payroll"	410.75	SR
FNNB	1799	01/06/06	"payroll"	410.75	SR
SSB	1542	01/27/06	"payroll"	500.00	SR
SSB	1520	02/06/06	"payroll"	410.75	SR
SSB	1514	02/09/06	"payroll"	400.00	SR
SSB	1495	02/12/06	"payroll"	500.00	SR
FNNB	1800	03/03/06	"payroll"	437.92	SR
SSB	1499	03/17/06	"payroll"	428.93	SR
Subtotal July 2005 - March 2006				<u>6,365.35</u>	
Total				<u><u>\$ 20,925.09</u></u>	

Signers:

MA - Mark Ackerman

SR - Susan Reese

Report on Special Investigation of
Jasper County Transit

Payroll Advances to JCT Employees
For the period April 1, 2004 through April 1, 2006

Employee Name	Payroll Advances According to Cancelled Checks				
	Bank	Check Number	Check Date	Description	Total Check
Adam Ahn	FNNB	1579	11/12/04	"payroll adv"	\$ 100.00
					100.00
Bruce Rowell	^	^	^	^	486.00
					486.00
Donna Rasmussen	^	^	^	^	1,543.39
					1,543.39
Jake Essrey	^	^	^	^	550.00
					550.00
Jeff Vreeman	^	^	^	^	255.27
					255.27

Payroll Advance Repayment According to Payroll Journal						
Pyrl Jrnl Date	Check Number	Gross Payroll	Advance Withholding	Other Withholding	Net Pay	Outstanding Advance
-	-	-	-	-	-	
			-			100.00
10/01/04	1258	\$ 910.00	\$ (100.00)	\$ (214.62)	595.38	
10/15/04	1234	1,275.00	(100.00)	(327.53)	847.47	
10/29/04	1319	1,182.50	(100.00)	(293.47)	789.03	
11/12/04	1359	1,265.00	(100.00)	(324.77)	840.23	
12/10/04	1367	200.00	(86.00)	(27.30)	86.70	
			(486.00)			-
10/15/04	1231	1,043.75	(100.00)	(176.85)	766.90	
10/29/04	1304	1,077.50	(100.00)	(184.42)	793.08	
11/12/04	1571	908.75	(100.00)	(143.53)	665.22	
12/23/04	1638	1,043.75	(199.00)	(176.84)	667.91	
04/14/05	None	1,100.00	(808.39)	(184.15)	107.46	
06/25/05	1853	1,187.50	(236.00)	(504.72)	446.78	
			(1,543.39)			-
01/07/05	1656	777.75	(550.00)	(176.50)	51.25	
			(550.00)			-
03/04/05	1407	407.50	(25.00)	(42.18)	340.32	
03/18/05	1441	630.00	(25.00)	(74.19)	530.81	
03/29/05	1395	785.00	(50.00)	(96.05)	638.95	
04/22/05	1473	920.00	(50.00)	(121.38)	748.62	
06/23/05	None	114.00	(105.27)	(8.73)	-	
			(255.27)			-

Report on Special Investigation of
Jasper County Transit

Payroll Advances to JCT Employees
For the period April 1, 2004 through April 1, 2006

Payroll Advances According to Cancelled Checks					
Employee Name	Bank	Check Number	Check Date	Description	Total Check
Laurie Smith	^	^	^	^	361.40
					361.40
Nadine Bush	SSB	1338	08/13/04	"payroll advance"	300.00
	FNNB	1216	09/13/04	"payroll adv"	400.00
					700.00
Raymond Weich	SSB	1339	08/13/04	"payroll advance"	200.00
					200.00
Todd Esrey	FNNB	1929	08/10/05	"payroll advance"	300.00
	FNNB	2091	12/13/05	"Adv Payroll"	100.00
					400.00
Vernon Beck	^	^	^	^	75.00
	FNNB	1186	08/25/04	"payroll" - advance	300.00
	SSB	1306	07/28/04	"payroll adv"	300.00
	SSB	1309	07/29/04	"payroll adv"	150.00
					825.00
West Tyree	FNNB	1199	08/31/04	"payroll adv"	100.00
					100.00
Willa Williams	SSB	1336	08/13/04	"advance pay"	75.00
					75.00
Total					\$ 5,596.06

^ - We are unable to determine the amount originally advanced to the JCT employee.

As a result, we have shown the amount repaid as the original advance amount. This is considered to be a conservative estimate.

FNNB - First Newton National Bank

SSB - Security State Bank

Payroll Advance Repayment According to Payroll Journal						
Pyrl Jrnl Date	Check Number	Gross Payroll	Advance Withholding	Other Withholding	Net Pay	Outstanding Advance
06/09/05	None	1,121.00	(361.40)	(148.75)	610.85	
			(361.40)			-
10/01/04	1261	484.50	(100.00)	(58.07)	326.43	
10/15/04	1226	85.00	(78.50)	(6.50)	-	
			(178.50)			521.50
-	-	-	-	-	-	
			-			200.00
-	-	-	-	-	-	
-	-	-	-	-	-	
			-			400.00
09/03/04	1227	572.50	(300.00)	(118.80)	153.70	
10/15/04	1278	720.00	(75.00)	(429.04)	215.96	
11/22/04	1335	1,163.75	(150.00)	(711.39)	302.36	
12/23/04	1425	935.00	(300.00)	(564.27)	70.73	
			(825.00)			-
09/03/04	1204	820.00	(100.00)	(197.73)	522.27	-
			(100.00)			
-	-	-	-	-	-	
			-			75.00
			(4,299.56)			1,296.50

Report on Special Investigation of
Jasper County Transit

Purchases at Wal-Mart
For the period April 1, 2004 through April 1, 2006

Check Number	Receipt Date	Receipt Total	Signer	Memo Line
1011	04/16/04	\$ 118.36	HB	"misc. suplies/tools/oil"
1032	04/30/04	125.55	HB	<i>None</i>
1040	05/06/04	70.69	HB	"Longnose and nrnsystwrks"
1043	05/08/04	94.33	HB	"Fans, cords, envelopes"

Description Per Receipt	Quantity	Unit Cost	Improper	Unsupported	Reasonable
Stack Shelf	4	\$ 5.96	-	-	23.84
10 In Groove	1	8.44	-	-	8.44
Clear Seal	2	2.88	-	-	5.76
PC Screw dri	1	3.47	-	-	3.47
Duct Tape	1	5.88	-	-	5.88
Tire Guage	1	9.96	-	-	9.96
Knife Set	1	2.00	-	-	2.00
S600	1	7.87	-	-	7.87
6In Clear Bo	1	4.84	-	-	4.84
Tape W Level	1	2.00	-	-	2.00
Trashbag 30G	1	5.94	-	-	5.94
Scrwdrv Set	1	0.96	-	-	0.96
Trashbag 8GA	1	2.50	-	-	2.50
Light Bulbs	2	1.74	-	-	3.48
Tool Set	1	14.64	-	-	14.64
Motor Oil	1	10.08	-	-	10.08
Sales Tax	-	6.70	-	-	6.70
Monitor	1	118.44	-	-	118.44
Sales Tax	-	7.11	-	-	7.11
6in Longnose	1	6.97	-	-	6.97
Nrtnsystwrks (<i>software</i>)	1	59.72	-	-	59.72
Sales Tax	-	4.00	-	-	4.00
Angel Sft 24	1	4.94	-	-	4.94
Sparkel 8Rl	1	4.98	-	-	4.98
Fan	2	5.84	-	-	11.68
Envelopes	1	1.77	-	-	1.77
12 Ft Ln Cord	3	3.46	-	-	10.38
Sharpie 2 Pk	1	1.58	-	-	1.58
Retro Fan	2	26.83	-	-	53.66
Sales Tax			-	-	5.34

Report on Special Investigation of
Jasper County Transit
Purchases at Wal-Mart
For the period April 1, 2004 through April 1, 2006

Check Number	Receipt Date	Receipt Total	Signer	Memo Line
1075	05/28/04	146.94	HB	<i>None</i>
1094	06/11/04	85.34	SR	"misc supplies"
1105	07/02/04	76.83	HB	<i>None</i>
1275^*	07/15/04	89.25	unknown	unknown

Description Per Receipt	Quantity	Unit Cost	Improper	Unsupported	Reasonable
Monitor	1	118.44	-	-	118.44
Vacuum Bag	1	4.97	-	-	4.97
Vacbag	1	2.77	-	-	2.77
Wndshld Wash	2	0.94	-	-	1.88
Motor Oil	1	10.56	-	-	10.56
Sales Tax			-	-	8.32
Liquid Soap	2	3.34	-	-	6.68
Clipcase	5	6.97	-	-	34.85
Label Maker	1	4.77	-	-	4.77
Hanging Folder	3	3.97	-	-	11.91
Tape	1	2.97	-	-	2.97
Brwny 8Roll	1	5.88	-	-	5.88
Klnx Ultra	1	1.66	-	-	1.66
Klnx Lotion	1	1.66	-	-	1.66
Sharpie Twin	1	2.92	-	-	2.92
Air Freshner	1	2.47	-	-	2.47
Glad Trash X	1	4.74	-	-	4.74
Sales Tax			-	-	4.83
Grip Pen 24	3	3.92	-	-	11.76
Binder Clip	2	1.37	-	-	2.74
Paper	1	0.50	-	-	0.50
Chips Ahoy	1	2.50	2.50	-	-
CoffeeMkr	1	24.72	24.72	-	-
Peanut MM	1	3.16	3.16	-	-
Motor Oil	1	10.56	-	-	10.56
40 Pk Disk	1	10.87	-	-	10.87
WM Roseart H	1	0.97	-	-	0.97
Trans Tape	1	4.84	-	-	4.84
Sales Tax			-	-	4.21
<i>Receipt not obtained</i>			-	89.25	-

Report on Special Investigation of
Jasper County Transit

Purchases at Wal-Mart
For the period April 1, 2004 through April 1, 2006

Check Number	Receipt Date	Receipt Total	Signer	Memo Line
1120	07/16/04	101.94	HB	"supplies (WD-40, paint, wires)"
1167	08/11/04	43.30	SR	"office supplies"

Description Per Receipt	Quantity	Unit Cost	Improper	Unsupported	Reasonable
Duct Tape	1	5.88	-	-	5.88
11oz WD-40	3	2.17	-	-	6.51
Wire 100 Ft	1	3.47	-	-	3.47
Spray GL WH	2	3.17	-	-	6.34
Auto Paint	3	3.97	-	-	11.91
Norust Spray	1	3.17	-	-	3.17
Spray LG Prm	1	3.17	-	-	3.17
18 AWG Wire	2	2.34	-	-	4.68
Elec Tape	1	0.97	-	-	0.97
Cable Ties	1	6.84	-	-	6.84
Funnel	1	0.97	-	-	0.97
Clear Seal	2	2.88	-	-	5.76
Wire Wheel	2	3.87	-	-	7.74
Spreader	1	1.24	-	-	1.24
Sandingblock	1	4.96	-	-	4.96
Stretch Cord	1	6.97	-	-	6.97
GL Filler Qt	1	8.44	-	-	8.44
Sandpaper-EF	1	2.87	-	-	2.87
3RI Towel	1	1.50	-	-	1.50
Sft Gntl 12R	1	2.78	-	-	2.78
Sales Tax			-	-	5.77
Scott Brl	1	5.56	-	-	5.56
Refill Tape	1	5.66	-	-	5.66
Stapler	1	1.24	-	-	1.24
409 Cleaner	1	1.83	-	-	1.83
CD R DA 50	1	14.44	-	-	14.44
Klx 4 Pk 85	1	3.86	-	-	3.86
Glad Trash X	1	4.74	-	-	4.74
Highlighter	4	0.88	-	-	3.52
Sales Tax			-	-	2.45

Report on Special Investigation of
Jasper County Transit

Purchases at Wal-Mart
For the period April 1, 2004 through April 1, 2006

Check Number	Receipt Date	Receipt Total	Signer	Memo Line
1194	08/27/04	89.98	MA	"office supplies"
1225	09/15/04	227.15	MA	"\$100 office, bal-vehicle"
1249*	09/28/04	45.81	MA	"supplies"
1271	10/09/04	84.18	MA	"office exp"

Description Per Receipt	Quantity	Unit Cost	Improper	Unsupported	Reasonable
Comp Cart	1	29.63	-	-	29.63
Dr Sch Shoe	1	26.83	26.83	-	-
Kirk W Brn E	1	19.32	19.32	-	-
Cold Med	1	4.47	4.47	-	-
Nasal Strip	1	4.64	4.64	-	-
Sales Tax			5.09	-	-
Loft Cable	1	24.54	-	-	24.54
Bus Cards	3	4.97	-	-	14.91
AA 2 Pk Wipes	5	5.87	-	-	29.35
Cartridge	1	18.94	-	-	18.94
Cartridge	1	30.32	-	-	30.32
Cartridge	1	34.84	-	-	34.84
Cartridge	1	29.97	-	-	29.97
Windex Refil	2	4.47	-	-	8.94
Wnshld Wash	4	0.94	-	-	3.76
Windex	1	2.48	-	-	2.48
Cinch Sak	1	4.74	-	-	4.74
Trashbag	1	5.94	-	-	5.94
Scott Brl	1	5.56	-	-	5.56
Sales Tax			-	-	12.86
<i>Receipt copy not obtained</i>			-	45.81	-
Wastebasket	1	3.84	-	-	3.84
Motor Oil	1	18.96	-	-	18.96
Trashbag	1	5.94	-	-	5.94
Candy	1	3.94	3.94	-	-
Hrshy Reese	1	2.00	2.00	-	-
Carb Cleaner	1	1.97	-	-	1.97
Oust Fan Out	1	6.88	-	-	6.88
Neon Clock	1	19.73	-	-	19.73
Wndshld Wsh	4	0.94	-	-	3.76

Report on Special Investigation of
Jasper County Transit
Purchases at Wal-Mart
For the period April 1, 2004 through April 1, 2006

Check Number	Receipt Date	Receipt Total	Signer	Memo Line
1297	10/25/04	136.54	MA	"office supplies"
1553	10/29/04	53.88	MA	None

Description Per Receipt	Quantity	Unit Cost	Improper	Unsupported	Reasonable
Clorox Auto	1	4.54	-	-	4.54
Pepsi 24 Pk	1	6.72	6.72	-	-
Ia Deposit	1	1.20	1.20	-	-
Sales Tax			-	-	4.70
Foam Cups	2	1.07	-	-	2.14
Envelopes	2	4.88	-	-	9.76
Folgers	1	4.74	-	-	4.74
File Folders	1	3.97	-	-	3.97
Legal Pad	1	2.97	-	-	2.97
Bznss Cards	3	4.97	-	-	14.91
Polywrap	2	3.96	-	-	7.92
Tape Dispens	1	3.97	-	-	3.97
Highlighter	1	1.86	-	-	1.86
Sharpie	1	3.36	-	-	3.36
Notes	1	6.44	-	-	6.44
Paperclip	1	0.97	-	-	0.97
Paperclip	2	0.38	-	-	0.76
18 AWG Wire	2	2.34	-	-	4.68
Connectors	1	5.97	-	-	5.97
1/2 Impact	1	19.87	-	-	19.87
Flashlight	1	2.97	-	-	2.97
Shop Towels	6	1.77	-	-	10.62
Wiper Blade	2	6.88	-	-	13.76
15 Qt Pan	1	7.44	-	-	7.44
Sales Tax			-	-	7.46
Spray Gun	1	28.94	-	-	28.94
Coupler Kit	1	4.96	-	-	4.96
Pluch Broom	1	8.97	-	-	8.97
Polyrake 30	1	7.96	-	-	7.96
Sales Tax			-	-	3.05

Report on Special Investigation of
Jasper County Transit

Purchases at Wal-Mart
For the period April 1, 2004 through April 1, 2006

Check Number	Receipt Date	Receipt Total	Signer	Memo Line
1554	11/02/04	142.32	MA	<i>None</i>
1562	11/06/04	257.69	MA	"office tools"
1563	11/07/04	104.62	MA	"supplies"
1566	11/10/04	117.50	MA	"bus supplies"

Description Per Receipt	Quantity	Unit Cost	Improper	Unsupported	Reasonable
RX-Ackerman Mark	1	14.94	14.94	-	-
RX-Ackerman Mark	1	45.11	45.11	-	-
RX-Ackerman Mark	1	16.59	16.59	-	-
RX-Ackerman Mark	1	65.68	65.68	-	-
Tetris Tower	1	24.87	24.87	-	-
Tape	1	0.97	0.97	-	-
Blood Prssr	1	16.88	16.88	-	-
QP Circsaw	1	50.00	50.00	-	-
Blood Prssr	1	55.88	55.88	-	-
Batteries	1	4.87	4.87	-	-
Miter Saw	1	89.63	89.63	-	-
Sales Tax			14.59	-	-
18V Drill	1	59.47	-	-	59.47
Wiper Blade	2	6.88	-	-	13.76
30 Pc Connect	1	17.64	-	-	17.64
Protectant	1	5.96	-	-	5.96
4Pk Enduro	1	1.87	-	-	1.87
Sales Tax			-	-	5.92
Terry Towel	2	4.84	-	-	9.68
Waxer	1	19.83	-	-	19.83
Liq Wax	4	2.44	-	-	9.76
Car Polish	5	3.67	-	-	18.35
Scratch Out	1	1.94	-	-	1.94
Proctectant	1	5.96	-	-	5.96
Chrome Polis	1	1.63	-	-	1.63
6V Lantern	1	3.50	-	-	3.50
Flashlight	2	2.97	-	-	5.94
Terry Bonnett	3	4.87	-	-	14.61
Batteries	1	4.87	-	-	4.87
De-Icer Wash	3	2.37	-	-	7.11

Report on Special Investigation of
Jasper County Transit
Purchases at Wal-Mart
For the period April 1, 2004 through April 1, 2006

Check Number	Receipt Date	Receipt Total	Signer	Memo Line
1567	11/10/04	171.87	MA	"office"
1609	12/08/04	92.04	MA	"pharmacy"
1613	12/09/04	47.51	MA	<i>None</i>

Description Per Receipt	Quantity	Unit Cost	Improper	Unsupported	Reasonable
Hand Waxer	1	7.67	-	-	7.67
Sales Tax			-	-	6.65
Oct 646-2	1	69.88	69.88	-	-
Door Lever	1	16.76	16.76	-	-
Zeiss Clths	1	2.97	2.97	-	-
15F Ext Cord	3	1.92	5.76	-	-
Hygenic Trim	1	9.87	9.87	-	-
Schick	1	9.94	9.94	-	-
Toothbrush	2	1.97	3.94	-	-
Toothpaste	1	2.94	2.94	-	-
Lotion	1	4.37	4.37	-	-
Floor Lamp	1	18.84	18.84	-	-
Batteries	1	2.74	2.74	-	-
Candle Jar	1	3.84	3.84	-	-
Light Bulb	2	2.34	4.68	-	-
Aloe/E Bath	1	3.38	3.38	-	-
Sparkle 2 Rl	1	2.23	2.23	-	-
Sales Tax			9.73	-	-
RX - Mark Ackerman	1	14.94	14.94	-	-
RX - Mark Ackerman	1	45.11	45.11	-	-
RX - Mark Ackerman	1	16.59	16.59	-	-
Toothbrush	2	1.96	3.92	-	-
Equate	1	2.97	2.97	-	-
Zantac	1	4.23	4.23	-	-
Hydrocortsne	1	0.95	0.95	-	-
Antibiotic	1	2.46	2.46	-	-
Sales Tax			0.87	-	-
Foam Cups	1	0.83	0.83	-	-
Headset LG	1	12.96	12.96	-	-
unreadable w/ Cord	1	5.84	5.84	-	-

Report on Special Investigation of
Jasper County Transit

Purchases at Wal-Mart
For the period April 1, 2004 through April 1, 2006

Check Number	Receipt Date	Receipt Total	Signer	Memo Line
1617	12/14/04	15.37	MA	None
1632	12/23/04	25.28	SR	"X-mas party supplies"
1674	01/20/05	89.00	MA	None
1747~	04/04/05	15.00	MA	"Jake's meds"
1759	04/18/05	88.45	MA	"bike"

Description Per Receipt	Quantity	Unit Cost	Improper	Unsupported	Reasonable
Liquid Soap	1	1.97	1.97	-	-
Comet Spray	1	2.68	2.68	-	-
Clorox Clen	1	2.37	2.37	-	-
Downy	1	4.94	4.94	-	-
Cheer Powder	1	4.87	4.87	-	-
Cheer Powder	1	7.94	7.94	-	-
Sales Tax			3.11	-	-
Candy Canes	5	1.96	9.80	-	-
Candy Canes	5	0.94	4.70	-	-
Sales Tax			0.87	-	-
Candy Canes	1	0.94	0.94	-	-
Bounty Brl	1	5.94	5.94	-	-
13G Trashbags	1	3.47	3.47	-	-
Chr Candy	1	2.68	2.68	-	-
Chr Candy	1	1.96	1.96	-	-
Chr Candy	2	0.94	1.88	-	-
36ct Cutlery	3	1.78	5.34	-	-
HW Cars	2	0.82	1.64	-	-
Sales Tax			1.43	-	-
RX - Mark Ackerman	1	16.59	16.59	-	-
RX - Mark Ackerman	1	25.14	25.14	-	-
RX - Mark Ackerman	1	47.27	47.27	-	-
RX - Jacob Esrey	1	15.00	15.00	-	-
Bugle Horn	1	4.96	4.96	-	-
Sfty Light	1	8.06	8.06	-	-
Bike Lock	1	9.87	9.87	-	-
26" Bike	1	59.77	59.77	-	-
Sales Tax			5.79	-	-

Report on Special Investigation of
Jasper County Transit
Purchases at Wal-Mart
For the period April 1, 2004 through April 1, 2006

Check Number	Receipt Date	Receipt Total	Signer	Memo Line
1812	05/13/05	134.09	MA	<i>None</i>

Description Per Receipt	Quantity	Unit Cost	Improper	Unsupported	Reasonable
Sliced Peach	1	2.98	2.98	-	-
Mixed Fruit	1	2.98	2.98	-	-
Hrshy Milk N	1	2.87	2.87	-	-
Pizzaz Cup	1	2.75	2.75	-	-
36 Ct Cutlery	1	1.87	1.87	-	-
Surge Strip	1	4.52	4.52	-	-
Bar Soap	1	3.50	3.50	-	-
Mop	1	3.97	3.97	-	-
Liquid Soap	1	1.47	1.47	-	-
Foamy Crm	2	1.42	2.84	-	-
Cott Wipe 42	1	1.94	1.94	-	-
Persona	1	2.86	2.86	-	-
Anti Perspir	1	3.07	3.07	-	-
Liquid Soap	1	1.47	1.47	-	-
Scott Brl	1	5.48	5.48	-	-
Cott Dr 12 Pk	1	5.48	5.48	-	-
Bowl Brush	2	4.97	9.94	-	-
Mr. Clean	2	2.52	5.04	-	-
Vil. F E Mop	1	6.88	6.88	-	-
GV Bleach	1	1.84	1.84	-	-
Dawn 12.6	1	1.22	1.22	-	-
Quick Shine	2	4.84	9.68	-	-
Downy Liquid	1	6.47	6.47	-	-
Bowl Cleaner	2	1.67	3.34	-	-
Cheer Powder	1	7.94	7.94	-	-
Compl Pwd 75	1	5.44	5.44	-	-
AJAX Cleansr	1	0.71	0.71	-	-
Liq Cleaner	1	3.17	3.17	-	-
Scrub Sponge	1	8.87	2.87	-	-
Windex Refil	1	3.94	3.94	-	-

Report on Special Investigation of
Jasper County Transit

Purchases at Wal-Mart
For the period April 1, 2004 through April 1, 2006

Check Number	Receipt Date	Receipt Total	Signer	Memo Line
1860	07/01/05	116.78	MA	"supplies"
1878	07/16/05	269.53	MA	"B Expense"
1879	07/17/05	26.70	MA	"Van exp"

Description Per Receipt	Quantity	Unit Cost	Improper	Unsupported	Reasonable
Clorox Clen	1	1.90	1.90	-	-
Limeaway	1	3.93	3.93	-	-
Windex	1	2.48	2.48	-	-
Sales Tax			7.25	-	-
12LP Bow	1	6.97	6.97	-	-
Plush Broom	1	8.97	8.97	-	-
Bow	4	1.50	6.00	-	-
12x18 Flag	3	1.86	5.58	-	-
Nylon Flag	1	24.86	24.86	-	-
Nylon Flag	1	19.86	19.86	-	-
Sunglass	1	9.88	9.88	-	-
Lifesaver	1	1.88	1.88	-	-
Flashlight	4	0.94	3.76	-	-
Mr. Clean	2	2.52	5.04	-	-
Bul Ad Promo	1	5.73	5.73	-	-
Windex Refil	2	3.94	7.88	-	-
Wnshld Wash	4	0.94	3.76	-	-
Sales Tax			6.61	-	-
Sheet	1	5.88	5.88	-	-
Crib Pad	1	9.96	9.96	-	-
Pad Sets	1	8.88	8.88	-	-
Crib	1	179.67	179.67	-	-
Sealyortho	1	49.88	49.88	-	-
Sales Tax			15.26	-	-
Primer	4	1.97	-	-	7.88
Filler Qt	1	6.44	-	-	6.44
Resin Jelly	1	10.87	-	-	10.87
Sales Tax			-	-	1.51

Report on Special Investigation of
Jasper County Transit

Purchases at Wal-Mart
For the period April 1, 2004 through April 1, 2006

Check Number	Receipt Date	Receipt Total	Signer	Memo Line
1907	07/22/05	24.79	MA	"veh exp"
1910	07/22/05	73.80	MA	<i>None</i>
1481^	10/23/05	153.13	SR	<i>None</i>

Description Per Receipt	Quantity	Unit Cost	Improper	Unsupported	Reasonable
VICL 942ML	1	4.37	-	-	4.37
Primer	3	1.97	-	-	5.91
Spray Paint	3	4.37	-	-	13.11
Sales Tax			-	-	1.40
RX-Ackerman Mark	1	26.53	26.53	-	-
RX-Ackerman Mark	1	47.87	47.27	-	-
CR Musyh Gar	2	1.06	2.12	-	-
Soup	1	1.64	1.64	-	-
Kft Cr Cheese	1	1.67	1.67	-	-
Dip	1	0.78	0.73	-	-
Bagel	1	2.78	2.78	-	-
NB Saltines	1	1.88	1.88	-	-
Vit D Milk	1	1.88	1.88	-	-
Instant Oats	1	3.57	2.57	-	-
Hefty Bowl	1	2.28	2.28	-	-
Hrsy Snksz	1	1.50	1.50	-	-
Mars Snckr M	1	4.57	4.57	-	-
Ruffles	1	2.87	2.87	-	-
Dbl Burner	1	24.76	24.76	-	-
Chowder	2	1.33	2.66	-	-
Coffee Filter	1	0.97	0.97	-	-
Slow Cooker	1	34.87	34.87	-	-
36 Ct Cutlery	1	1.87	1.87	-	-
BF Rst Veg	1	12.84	12.84	-	-
Foam Cups	1	1.07	1.07	-	-
BD Coffmkr	1	19.92	19.92	-	-
York Mint Bi	1	2.87	2.87	-	-
Spam Lnch Mt	1	1.98	1.98	-	-
Dixie Plate	1	3.97	3.97	-	-
SP Pudding	1	2.74	2.74	-	-

Report on Special Investigation of
Jasper County Transit

Purchases at Wal-Mart
For the period April 1, 2004 through April 1, 2006

Check Number	Receipt Date	Receipt Total	Signer	Memo Line
2197*	01/25/06	12.75	MA	"supplies"
2227	02/20/06	42.64	MA	"office supplies"
Total		<u>\$3,610.93</u>		

* - Receipt was not obtained. Amounts purchased are unsupported and attributable to Mr. Ackerman.

^ - Paid from SSB account. All other transactions from FNNB account.

~ - Jake Esrey was on payroll at JCT. Kyle, Troy and Todd Esrey also received payments from JCT.

FNNB - First Newton National Bank

SSB - Security State Bank

Signers:

MA - Mark Ackerman

SR - Susan Reese

HB - Hank Brittan

Description Per Receipt	Quantity	Unit Cost	Improper	Unsupported	Reasonable
6x5 Candle	1	4.88	4.88	-	-
Viva Reg 6 Rl	1	4.74	4.74	-	-
Sales Tax			6.50	-	-
<i>Receipt not obtained</i>			-	12.75	-
Canned Air	1	4.96	-	-	4.96
Mouse Pad	2	2.97	-	-	5.94
Keyboard	1	29.33	-	-	29.33
Sales Tax			-	-	2.41
			<u>\$1,796.45</u>	<u>147.81</u>	<u>1,666.67</u>

Report on Special Investigation of
Jasper County Transit

Payments to U.S. Cellular
For the period April 1, 2004 through April 1, 2006

Check Date	Check Number	Amount
04/01/04	ACH	\$ 200.00
04/01/04	ACH	522.03
04/02/04	1135	53.40
05/10/04	1177~	585.45
05/20/04	1187~	16.00
06/11/04	ACH	630.39
07/19/04	ACH	502.00
08/16/04	ACH	566.21
09/07/04	ACH	400.00
10/18/04	ACH	1,105.46
11/15/04	ACH	471.19
01/18/05	ACH	436.32
01/28/05	ACH	416.49
03/18/05	ACH	85.35
03/18/05	ACH	391.86
04/18/05	ACH	440.00
05/27/05	ACH	369.86
06/10/05	ACH	386.93
07/05/05	ACH	172.30
07/18/05	ACH	360.57
09/15/05	ACH	801.96
09/15/05	ACH	685.11
10/24/05	ACH	322.52
11/22/05	ACH	340.00
01/13/06	ACH	909.54
03/06/06	ACH	372.35
03/28/06	ACH*	400.00
	Total	<u><u>\$11,943.29</u></u>

ACH - Automated clearing house (vendor withdrawal from account).

~ - Check not observed due to unavailability of bank records.

* - Reconciles to U.S. Cellular bill payment on behalf of Ms. Reese.

All disbursements were made from account at SSB.

Report on Special Investigation of
Jasper County Transit

Improper Disbursements to Miscellaneous Vendors
For the period April 1, 2004 through April 1, 2006

Bank	Check Number	Check Date	Payee	Memo Line	Amount		Signer
SSB	ACH	02/09/06	CBE Group	none	\$ 92.88		^
FNNB	ACH	03/01/06	CBE Group	none	93.94	\$ 186.82	^
SSB	1442	01/09/06	C Works	"cell phone- Jake"		60.00	SR
SSB	ACH	01/24/06	DIRECTV	none		98.91	^
SSB	ACH	02/15/06	Dish Network	none	124.68		^
SSB	ACH	04/05/06	Dish Network	none	171.03	295.71	^
SSB	1388 (EC)	06/20/05	GE Money Bank	none		149.72	*
FNNB	ACH	10/05/04	Intl Assc Business	none	209.95		^
FNNB	ACH	11/08/04	Intl Assc Business	none	109.95		^
FNNB	ACH	12/09/04	Intl Assc Business	none	109.95	429.85	^
FNNB	1661	01/07/05	Lebeda	none		1,049.40	MA
SSB	ACH	09/02/05	Mediacom	none	174.00		^
SSB	ACH	02/09/06	Mediacom	none	79.75	253.75	^
FNNB	ACH	11/12/04	National Small B	none	239.40		^
FNNB	ACH	08/22/05	National Small B	none	239.40		^
FNNB	ACH	10/27/04	National Small B	none	99.95	578.75	^
FNNB	1785	05/12/05	Newton Waterworks	water/sewer at Mark's apt	43.17		MA
SSB	1483 #	10/27/05	NWW (<i>Newton Waterworks</i>)	none	68.60	111.77	SR
FNNB	1587	11/20/04	Porters Camera Store	"Office Equipment"		603.45	MA
FNNB	1865	08/08/05	The EyeCare Associates	"Mark"		327.75	MA
FNNB	1711	02/09/05	Wix Water Works	apartment	100.00		MA
SSB	1299	07/26/04	Wix Water Works	not observed	70.70		^
FNNB	2061	12/01/05	Wix Water Works	water cooler rent for Mark's	64.20	234.90	MA
SSB	ACH	03/16/05	6 Swing Show Tickets-SR	none	60.00	60.00	^
Total						<u>\$4,440.78</u>	

^ - Check not observed because payment was made via automated clearing house payment option.

* - Electronic check does not have authorized signature.

- Check number 1483 was issued for \$86.31. Only \$68.60 was for utility services provided to Mr. Ackerman's apartment.

ACH - Automated clearing house (vendor withdrawal from account).

EC - Electronic check.

FNNB - First Newton National Bank

SSB - Security Savings Bank

Signers:

MA - Mark Ackerman

SR - Susan Reese

Report on Special Investigation of
Jasper County Transit

Bank Charges and Fees
For the period April 1, 2004 through April 1, 2006

Bank	Date	Description	Amount
FNNB:			
	04/07/04	NSF fee	\$ 24.00
	08/24/04	NSF fee	46.00
	08/25/04	NSF fee	46.00
	09/08/04	NSF fee	23.00
	09/22/04	NSF fee	23.00
	10/06/04	NSF fee	23.00
	11/04/04	NSF fee	23.00
	12/01/04	NSF fee	23.00
	12/02/04	NSF fee	23.00
	01/12/05	NSF fee	24.00
	02/09/05	NSF fee	96.00
	02/10/05	NSF fee	24.00
	02/15/05	NSF fee	24.00
	03/08/05	NSF fee	24.00
	03/23/05	NSF fee	24.00
	04/21/05	NSF fee	24.00
	05/04/05	NSF fee	48.00
	05/18/05	NSF fee	24.00
	05/25/05	NSF fee	48.00
	06/06/05	NSF fee	24.00
	06/06/05	NSF fee	24.00
	06/13/05	NSF fee	24.00
	06/14/05	NSF fee	24.00
	06/20/05	NSF fee	24.00
	07/07/05	NSF fee	48.00
	07/14/05	NSF fee	48.00
	07/27/05	NSF fee	48.00
	07/28/05	NSF fee	24.00
	08/24/05	NSF fee	24.00
	08/25/05	NSF fee	48.00
	09/06/05	NSF fee	48.00
	09/08/05	NSF fee	48.00
	09/15/05	NSF fee	48.00

Report on Special Investigation of
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Bank Charges and Fees
For the period April 1, 2004 through April 1, 2006

Bank	Date	Description	Amount
	09/16/05	NSF fee	24.00
	09/22/05	NSF fee	24.00
	09/27/05	NSF fee	24.00
	09/28/05	NSF fee	24.00
	09/29/05	NSF fee	24.00
	10/04/05	NSF fee	48.00
	11/15/05	NSF fee	24.00
	11/16/05	NSF fee	24.00
	11/17/05	NSF fee	24.00
	11/28/05	NSF fee	24.00
	12/14/05	NSF fee	25.00
	12/30/05	NSF fee	25.00
	02/10/06	NSF fee	50.00
	Subtotal		<u>1,482.00</u>
SSB:			
	06/21/04	NSF charge	20.00
	06/24/04	NSF charge	20.00
	07/26/04	NSF charge	20.00
	08/11/04	NSF charge	40.00
	08/18/04	NSF charge	20.00
	08/20/04	NSF charge	20.00
	02/17/05	NSF charge	20.00
	06/02/05	NSF charge	20.00
	06/03/05	NSF charge	20.00
	06/08/05	NSF charge	20.00
	08/24/05	NSF fee	22.00
	09/07/05	NSF Fee	22.00
	09/15/05	NSF Fee	22.00
	Subtotal		<u>286.00</u>
	Total		<u><u>\$ 1,768.00</u></u>

NSF - Non-sufficient funds (i.e. overdraft charge)

FNNB - First Newton National Bank

SSB - Security State Bank

Report on Special Investigation of
Jasper County Transit

Unsupported Disbursements to Individuals
For the period April 1, 2004 through April 1, 2006

Bank	Check Number	Date Cleared	Payee	Memo Line	Amount	Signer
Payroll payments:						
FNNB	1034	04/30/04	Ray Sprague	"payroll"	\$ 650.00	RS
FNNB	1064	05/14/04	Ray Sprague	"payroll"	650.00	RS
FNNB	1832	05/28/04	Vern Beck	"payroll"	500.00	MA
FNNB	1080	06/08/04	Ray Sprague	"payroll"	650.00	MA
FNNB	1202	08/31/04	Vern Beck	"payroll"	100.00	MA
FNNB	1209	09/03/04	Nathan Ackerman	"payroll"	100.00	MA
FNNB	1241	09/17/04	Genevieve Gratoce	"payroll"	300.00	MA
FNNB	1291	10/14/04	Steve Slater	"payroll- contract labor"	500.00	MA
FNNB	1556	11/04/04	Ray Sprague	"payroll"	300.00	MA
FNNB	1629	12/22/04	Vern Beck	"payroll"	300.00	MA
FNNB	1443	03/12/05	Sherman Swank	"payroll"	204.40	SR
FNNB	1768	04/22/05	Vern Beck	"payroll"	150.00	MA
SSB	1377	06/10/05	Vernon Beck	"payroll"	600.00	GA
SSB	1386	06/15/05	Vernon Beck	"payroll"	300.00	SR
FNNB	1857	06/30/05	Kyle Esrey	"payroll"	180.00	MA
FNNB	1858	07/01/05	Vern Beck	"payroll"	700.00	MA
FNNB	1874	07/14/05	Vern Beck	"payroll"	500.00	MA
FNNB	1896	07/20/05	Nathan Ackerman	"payroll"	295.99	MA
FNNB	1918	08/05/05	Nathan Ackerman	"payroll"	550.98	MA
FNNB	1927	08/05/05	Vern Beck	"payroll-contract labor"	600.00	MA
FNNB	1947	08/25/05	Nathan Ackerman	"payroll"	150.00	MA
FNNB	1949	08/26/05	Nathan Ackerman	"payroll"	250.00	MA
FNNB	2275	03/17/06	Terry Hanneman	"payroll"	361.49	MA
Subtotal					<u>8,892.86</u>	
Contract labor payments:						
FNNB	1166	08/11/04	Kyle Esrey	"contract labor"	63.00	SR
FNNB	1560	11/05/04	Kyle Esrey	"contract labor"	\$ 84.00	MA
FNNB	1570	11/12/04	Rich Turpen	"contract labor"	500.00	MA
SSB	1392	11/24/04	Rich Turpen	"contract labor"	500.00	SR
FNNB	1705	03/10/05	Nathan Ackerman	"contract labor"	275.00	MA
FNNB	1733	03/16/05	Vern Beck	"contract labor"	650.00	MA
FNNB	1749	04/07/05	Kyle Esrey	"contract labor"	120.00	MA
FNNB	1871	06/28/05	Nathan Ackerman	"labor"	100.00	MA
FNNB	1862	07/08/05	Vern Beck	"contract labor"	150.00	MA

Bank	Check Number	Date Cleared	Payee	Memo Line	Amount	Signer
FNNB	1912	07/22/05	Vern Beck	"contract labor"	500.00	MA
FNNB	1795	07/27/05	Vern Beck	"contract labor"	200.00	SR
FNNB	1930	08/11/05	Vern Beck	"contract labor-final"	500.00	MA
FNNB	2019	10/20/05	Kyle Esrey	"contract labor"	85.00	MA
FNNB	2069	01/05/06	Nathan Ackerman	"contract labor"	250.00	MA
Subtotal					<u>3,977.00</u>	
Reimbursements:						
FNNB	1854	06/27/05	Dale Graves	"bus 3320 repairs"	140.00	MA
FNNB	1211	09/09/04	Donna Rasmussen	"truck repair & gas"	300.00	MA
FNNB	1019	04/29/04	Henry Britton	"travel and phone exp"	136.40	HB
FNNB	1092	06/11/04	Henry Britton	"travel exp (w loo)"	212.50	SR
FNNB	1118	07/09/04	Henry Britton	"travel expense"	212.00	MA
FNNB	1148	07/30/04	Rich Turpen	"reimburse training exp"	700.00	SR
FNNB	1333	07/09/05	Vern Beck	"reimb for brakes/payroll"	63.32	SR
FNNB	1792	05/07/05	Vern Beck	"reimb-fuel"	23.50	SR
Subtotal					<u>1,787.72</u>	
Undocumented payments:						
SSB	1184	05/17/04	Steve Slater	<i>unknown</i>	600.00	^
FNNB	1214	09/12/04	Vern Beck	<i>none</i>	100.00	MA
FNNB	1215	09/12/04	Vern Beck	<i>none</i>	75.00	MA
FNNB	1598	12/06/04	Kyle Esrey	<i>none</i>	42.00	MA
FNNB	1643	12/23/04	Rich Turpen	<i>none</i>	500.00	MA
FNNB	1649	01/03/05	Nathan Ackerman	<i>none</i>	150.00	MA
FNNB	1713	02/11/05	Steve Slater	<i>none</i>	300.00	MA
FNNB	1877	07/16/05	Dale Graves	<i>none</i>	350.00	MA
FNNB	2065	12/17/05	Nathan Ackerman	<i>none</i>	100.00	MA
SSB	1443	01/23/06	Jim Scholl	<i>none</i>	600.88	SR
Subtotal					<u>2,817.88</u>	
Total					<u><u>\$ 17,475.46</u></u>	

Signers:

GA - Gerald Ackerman
MA - Mark Ackerman
RS - Ray Sprague
SR - Susan Reese

Report on Special Investigation of
Jasper County Transit

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Corinne Johnson, Senior Auditor II
Tina R. Stuart, Senior 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

Appendices

**Report on Special Investigation of
Jasper County Transit**

Report on Special Investigation of
Jasper County Transit

Copy of Request to Cancel Audit

Cindy Weber - jasper county transit

From: "DTA" <dta@dtatrans.org>
To: <Cindy.Weber@auditor.state.ia.us>
Date: 3/14/2006 1:01 PM
Subject: jasper county transit

Ms. Weber:

Mark informed me that your office is scheduled for the audit to be conducted starting tomorrow.

As of Monday, the board of DTA informed Mark our intentions are to close the business. Because of the increasing liabilities and the withdrawel of funds from the City of Newton, Aging Resources, and HIRTA, we have realized our liabilities are going to be larger than the potential income. The city of Newton has no committment of funding the transit business. Also, the promise of receiving the Job Access Reverse Commute Grant from DOT is not going to be received in Jasper County. Mr. Ackerman introduced and helped write the transit plan and the grant, and we were informed Dallas and Warren counties will receive the grant and Jasper county will not receive the grant.

We notified the board of supervisors today of our intentions. Our intentions are to assist with the transition of another management company to manage the business and to officially close the business as of April 1st.

Our financial documents will be given to our attorney for closure.

In summary, we are notifying you of this information to cancel the audit procedure. This will save both DTA and the County of Jasper more liabilities.

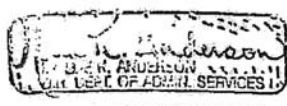
with respect,

Ray Sprague, Pres.
DTA

IF any questions, call 515-577- [REDACTED]

Report on Special Investigation of
Jasper County Transit

Copies of Selected State of Iowa Warrants not Deposited

ACCOUNT NUMBERS		<i>State of Iowa Warrant</i>	
0001-06-413-N60-6900-4307	VOID 6 MONTHS AFTER 10-04-05	No. 61767241	
0001-06-413-N60-6900-4307	TO THE <i>Treasurer of State</i>		33-72
	Des Moines, Iowa 50319		730
Pay to the order of	DEPARTMENTAL REFERENCE NO'S	AMOUNT	
DISABILITY TRANSP ACCESS	41300147092 XXXXX045100 1	\$*****530.00	
PO BOX 155	6020320 1550006 050		
ALLISON IA			
50602			
	 AUTHORIZED SIGNATURE		068849499A040
			0000053000

0834284885 10122005 ENT=0101 TRC=4101 PK=02 >07392186<	0325952688 10122005 ENT=4101 TRC=4101 PK=02	MAY ADDRESS IS DIRECT	Restrictions DTA - Sam Rial POLICE AND CRIMINAL RECORDS
--	---	--------------------------	---

**Report on Special Investigation of
Jasper County Transit**

**Report on Special Investigation of
Jasper County Transit**

Report on Special Investigation of
Jasper County Transit

Copies of Cash Withdrawal Slips Signed by Susan Reese

DDA DEBIT		SECURITY STATE BANK	
Dest. Insp. Acc.			
Cash	(1)	1800	
Susan Reese			
CREDIT:			
APPROVED:		DATE: 6-24-05	
ACCOUNT NO.			
[REDACTED]			
⑆073921860⑆		120139⑆	30 ⑆0000180000⑆

SECURITY STATE BANK		DDA DEBIT TRANSACTIONS	
Date: 6-24-05	Initials: MR	30	Withdrawal
Customer Name: DTA		89	Close Non Interest Bearing
Tran Description: Cash		90	Close Interest Bearing
Customer Signature: Susan Reese		(1)	
ACCOUNT NUMBER:	TRAN CODE:	AMOUNT:	
[REDACTED]	* 30 . \$	30000	
[REDACTED]		⑆0000030000⑆	

Report on Special Investigation of
Jasper County Transit

Copies of Checks for Cash Signed by Susan Reese

D.T.A. [REDACTED] 72-2166/739 1403
120139
DATE 2-8-05

PAY TO THE ORDER OF 1st NMB \$ 750.00
Seven Hundred fifty & 00/100 DOLLARS

Security STATE BANK
Waverly, Iowa 50677 • Shell Rock, Iowa 50670

MEMO [REDACTED] Susan M Reese M
⑈0000075000⑈

02/08/2005 1403 \$750.00

D.T.A. [REDACTED] 72-2166/739 1431
120139
DATE June 16, 2005

PAY TO THE ORDER OF Cash \$ 2500.00
Twenty five hundred and 00/100 DOLLARS

Security STATE BANK
Waverly, Iowa 50677 • Shell Rock, Iowa 50670

MEMO Her of \$ Susan M Reese M
⑈0000250000⑈

06/16/2005 1431 \$2,500.00

Report on Special Investigation of
Jasper County Transit

Copies of Checks for Cash Signed by Susan Reese

DTA [REDACTED] 72-2186/730 120130 1486
ALLISON, IA 50602 DATE 11-17-05

PAY TO THE ORDER OF Security St. Bank - Cash \$ 500.00
FIVE Hundred & NO/100 DOLLARS

Security STATE BANK
Waverly, Iowa 50677 • Green Hook, Iowa 50670

MEMO [REDACTED] Susan M. Reese
⑈0000050000⑈

DTA [REDACTED] 72-2186/730 120130 1522
ALLISON, IA 50602 DATE 2-9-06

PAY TO THE ORDER OF Security State Bank \$ 2005.00
Two thousand five & NO/100 DOLLARS

Security STATE BANK
Waverly, Iowa 50677 • Green Hook, Iowa 50670

MEMO 1500 - 1MS 500 - 1MS Susan Reese
⑈0000200500⑈

**Report on Special Investigation of
Jasper County Transit**

Report on Special Investigation of
Jasper County Transit

Copies of Bank Transfers to Susan Reese's Bank Account

TRANSFER OF FUNDS		SECURITY STATE BANK WAVERLY, IOWA SHELL ROCK, IOWA		DATE <u>2-7-05</u>
TRANSFER FROM	<u>DTA</u> (TYPE OF ACCOUNT)	ACCOUNT NUMBER	[REDACTED]	
TRANSFER TO	<u>Susan</u> (TYPE OF ACCOUNT)	ACCOUNT NUMBER	[REDACTED]	
<input type="checkbox"/> TELEPHONE		AMOUNT	<u>500.00</u>	
THE FOLLOWING SERVICE CHARGE HAS BEEN DEBITED TO YOUR ACCOUNT				
<u>DTA / Reese</u>				
		<u>Susan Reese</u>		
		#0000050000#		

DEBIT

SECURITY STATE BANK		FUNDS TRANSFER Form 400		DATE <u>11-23-05</u>
FROM:	Account Number	TRAN CODE	BY <u>9</u>	
<input checked="" type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS <input type="checkbox"/> OTHER	* <u>1201391</u>	* <u>111</u>	Dear Customer: In accordance with your instructions, we have transferred funds for your account, as shown. Please adjust your account records to reflect this transaction.	
TO:	Account Number	TRAN CODE	AMOUNT TRANSFERRED	
<input checked="" type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS <input type="checkbox"/> OTHER	* <u>1201391</u>	* <u>111</u>	\$ <u>1,1410.75</u>	
ACCOUNT NAME	<u>DTA To Reese</u>		<input checked="" type="checkbox"/> TELEPHONE <input type="checkbox"/> OTHER	
	120139#		39 #0000041075#	

DEBIT

Report on Special Investigation of
Jasper County Transit

Copies of Checks to Ina Peterson for Vernon Beck's Rent

DTA/JASPER COUNTY TRANSIT
115 E. 17TH STREET N. PH 641-787-0366
NETWON, IA 50208

1191
72-0209/0739

DATE 8-25-04

PAY TO THE ORDER OF Ina Peterson \$ 350.00

Three Hundred fifty & 00/100 DOLLARS

AT NEWTON'S NATIONAL BANK
801 AN MERTON, IOWA 50208

MEMO Vernon Beck's Rent

P0012076840 P012644 1 08262007

#0000035000

DTA/JASPER COUNTY TRANSIT
115 E. 17TH STREET N. PH 641-787-0366
NETWON, IA 50208

1200
72-0209/0739

DATE 8-31-04

PAY TO THE ORDER OF Ina Peterson \$ 350.00

Three Hundred fifty & 00/100 DOLLARS

AT NEWTON'S NATIONAL BANK
801 AN MERTON, IOWA 50208

MEMO

P0029263980 P011544 1 09000000

#0000035000

Report on Special Investigation of
Jasper County Transit

Copies of Checks to Ina Peterson for Vernon Beck's Rent

DTA/JASPER COUNTY TRANSIT
115 E. 17TH STREET N. PH 641-787-0366
NEWTON, IA 50208

1599
72-0209/0739

DATE 12-6-04

PAY TO THE ORDER OF Ina Peterson \$ 350.00

Three Hundred fifty & no/100 DOLLARS

FACE OF ORIGINAL DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

AT NEWTON NATIONAL BANK
80443 NEWTON, IOWA 50208

MEMO Vernon Beck

08

0000035000

DTA/JASPER COUNTY TRANSIT
115 E. 17TH STREET N. PH 641-787-0366
NEWTON, IA 50208

1665
72-0209/0739

DATE 1-7-05

PAY TO THE ORDER OF Ina Peterson \$ 350.00

Three Hundred fifty & no/100 DOLLARS

FACE OF ORIGINAL DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

AT NEWTON NATIONAL BANK
80443 NEWTON, IOWA 50208

MEMO Vernon Beck

08

0000035000

Report on Special Investigation of
Jasper County Transit

Copies of Selected Checks to Birkenholz Realty for Mark Ackerman's Rent

DTA/JASPER COUNTY TRANSIT
115 E. 17TH STREET N. PH 641-787-0366
NEWTON, IA 50208

1286
72-0209/0739

DATE 10/15/04

PAY TO THE ORDER OF Birkenholz Rent Estate \$ 200.00

One thousand two hundred & no/100

10012147430 1005N08 15 1019200 DOLLARS

MEMO Rent - 3000 1st Ave E

[Signature]

"0000120000"

DTA/JASPER COUNTY TRANSIT
115 E. 17TH STREET N. PH 641-787-0366
NEWTON, IA 50208

1616
72-0209/0739

DATE 12-14-04

PAY TO THE ORDER OF Birkenholz Realty \$ 900.00

Nine Hundred & no/100

FACE OF ORIGINAL DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

10012147430 1005N08 15 1019200 DOLLARS

MEMO Dec 15 - Jan 15

[Signature]

"0000090000"

Report on Special Investigation of
Jasper County Transit

Copies of Selected Checks to Birkenholz Realty for Mark Ackerman's Rent

DTA/JASPER COUNTY TRANSIT
115 E. 17TH STREET N. PH 641-787-0366
NEWTON, IA 50208

1671
72-0209/0739

DATE 1-17-05

PAY TO THE ORDER OF Birkenholz \$ 900.00

Nine Hundred & no/100 DOLLARS

FACE OF ORIGINAL DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER.

1 ST. NEWTON NATIONAL BANK
802 4TH NEWTON, IOWA 50208

MEMO Rent

[Redacted] 1 "0000090000"

D.J.A.
PH. 319-232-0153
P. O. BOX 155
ALLISON, IA 50602

72-2186/739
120139

1385

DATE 6-15-05

PAY TO THE ORDER OF Birkenholz Realty \$ 900.00

Nine Hundred ten & no/100 DOLLARS


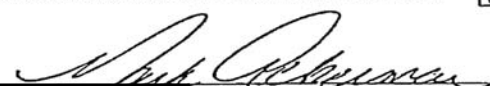
Security STATE BANK
Via Hwy. 100 50572 • Shen Rock Iowa 50470

MEMO Rent


[Redacted] "0000091000"

Report on Special Investigation of
Jasper County Transit

Copy of Invoice for Materials to Build Ramp and Related Check

DTA/JASPER COUNTY TRANSIT 115 E. 17TH STREET N. PH 641-787-0366 NEWTON, IA 50208		1559 72-0209/0739
DATE <u>11-5-04</u>		
PAY TO THE ORDER OF <u>McKuen Lbr</u>	\$ <u>303</u>	<u>25</u>
<u>Three hundred three & 25/100</u>		DOLLARS
FACE OF ORIGINAL DOCUMENT HAS A COLORED BACKGROUND OF WHITE PAPER		
 NEWTON NATIONAL BANK 201 W. NEWTON, IOWA 50208 Bldg Exp		 #0000030325#

Ramp for Keith Rasmussen
 3000 1st Ave E,
 Newton IA 50208
 Apt

Bldg Materials	—	303.25	
Labor	—	250.00	
		<u>\$553.25</u>	

**Report on Special Investigation of
Jasper County Transit**

Report on Special Investigation of
Jasper County Transit

Copy of U.S. Cellular Bill Paid by JCT



SUSAN M. REESE

Page 1 of 37
Account Number: [REDACTED]
Bill Date: 4/26/06
Invoice Number: 481719620-029

Previous Balance	Payments Received thru 4/07/06	Credits and Adjustments to Prev. Balance	Past Due Balance	Current Charges Due by 4/26/06	TOTAL AMOUNT DUE
303.58	400.00CR	0.00	96.42CR	383.25	\$286.83

ACCOUNT SUMMARY

Previous Balance	303.58	
Payments Received thru 4/07/06. Thank you !	400.00CR	
Credits and Adjustments to Previous Balance	0.00	
Past Due Balance		96.42CR
Monthly Service Charges	235.45	
Local Usage	89.30	
Extended Home Service Area Charges	11.10	
Roaming Charges	0.00	
easyedge SM Data Service Charges	0.00	
Other Charges & Credits	14.83	
Taxes	32.57	
Total Current Charges Due by 4/26/06		383.25
TOTAL AMOUNT DUE		\$286.83

Thank you for choosing our wireless service, we appreciate your business. For all billing inquiries, call 888-944-9400 or call 611 from your U.S. Cellular phone, always a free call.

Please detach and mail bottom portion with your payment to ensure prompt handling.



U.S. Cellular
P.O. Box 7835
Madison, WI 53707-7835

3051W-02866

U.S. Cellular
P.O. BOX 0203
PALATINE IL 60055-0203

☐ Check box to indicate address change and/or comments on back.

Account Number: [REDACTED]

Total Amount Due by 4/26/06	Amount Enclosed
\$286.83	

SUSAN M. REESE
PO BOX 155
ALLISON IA 50602-0155



3054817196202100002868331

Report on Special Investigation of
Jasper County Transit

Copy of U.S. Cellular Bill Paid by JCT



Page 3 of 37
Account Number: [REDACTED]
Bill Date: 4/06/06
Invoice Number: 481719620-029

Account Number Summary SUSAN M. REESE	481719620
--	-----------

PAYMENTS RECEIVED	CHARGES	TOTAL
ONE TIME DIRECT DEBIT - Thank You	400.00CR	
Total Payments		\$400.00CR

Tax for Account Activity	
Total Tax for Account Activity	\$0.00

Cellular Telephone Number Summary of Totals

User Name/ Cellular Telephone Number	Mins/ Msgs Used	Adj. to Prev Bal.	Monthly Service	Local Usage	Roaming Charges	easyedge SM Charges	Other Charges & Credits	Taxes	Total
SUSAN M. REESE									
319-239-[REDACTED]	3,695.00	0.00	61.80	1.60	0.00	0.00	3.43	5.54	72.37
SUSAN RE [REDACTED]									
641-521-[REDACTED]	4,751.00	0.00	121.80	98.80	0.00	0.00	8.33	22.20	251.13
SUSAN REESE									
641-521-[REDACTED]	423.00	0.00	51.85	0.00	0.00	0.00	3.07	4.83	59.75
	8,869.00								\$383.25

Tax Summary of Totals	
Federal Tax	9.56
State Tax	16.45
County Tax	3.28
City Tax	3.28
Total Taxes	32.57

*** CHANGE TO USE CHARGE ***
The Federal Communications Commission recently announced an increase in the Universal Service contribution factor. As a result, the Federal Universal Service Fund (USF) charge will increase from 2.91% to 3.11% as of April 1, 2006. This charge is calculated as a percentage of your wireless service charge and may be adjusted quarterly.

*** PAYING YOUR BILL BY PHONE ***
If you choose to pay with your checking or savings account, you will be asked for your bank account information along with your U.S. Cellular billing statement. You will also be asked to provide the last 4 digits of the social security number associated with the U.S. Cellular account or your U.S. Cellular account password. By doing so, you will be adopting this authorization to deduct an individual payment from your bank account. To cancel a telephone payment, you must call us at 1-888-944-9400 or 611 (free from your U.S. Cellular phone) by 6 pm CT on the same day you requested the payment. And, as you know, you are responsible for ensuring the necessary funds are available at the time the withdrawal occurs.

Report on Special Investigation of
Jasper County Transit

Copy of Invoice from Allied Insurance

Quote Summary

Page 1 of 2



Payable to
\$101.89

AGENT INFORMATION: Interstate Ins Services, Ltd. Po Box 459 Newton, IA 50208-0459 (641) 792-7316 Fax: (641) 792-0200	QUOTATION PREPARED FOR: Mark Ackerman 3000 E 1st Ave Newton, IA 50208 Home Phone: (641) 526-6883
--	---

Quote Number: AAP 0014844291 Quote Date: 10/28/2004
 Policy Effective Date: 10/29/2004 Effective Date of Rate: 10/01/2004 Policy Term: 12 months
 Policy Premium: \$407.56 Down Payment Amt: \$67.92 Monthly Payment: \$33.96

DRIVER INFORMATION

Drv #	Name	D.O.B.	Sex	Marital Status	Relationship	License#
1	Mark Ackerman	02/11/1956	Male	Single	Applicant	858zz7003

VEHICLE INFORMATION

Veh #	Year/Make/Model	Type	Performance	Category	Symbol	Territory	Usage
1	1992 Ford F-150	Fullsize P/U	Standard	Standard	2	025	Pleasure

COVERAGE INFORMATION - Vehicles 1-6

(*) Coverages shown in thousands of dollars

Coverage	Limit	Premium Veh 1	Premium Veh 2	Premium Veh 3	Premium Veh 4	Premium Veh 5	Premium Veh 6
Liability	100/300	\$152.64					
Property damage	100	\$166.34					
Uninsured Motorist	100/300	\$20.80					
Underinsured Motorist	100/300	\$27.40					
Medical Payments	5000	\$40.38					
Comprehensive	Varies Per Vehicle	\$0.00	No Cov				
Collision	Varies Per Vehicle	\$0.00	No Cov				

Your 12 month premium for each vehicle is: **\$407.56**
 Your total 12 month premium is: **\$407.56**

FEES/SURCHARGES

None

SCOUNTS

L

Household

Report on Special Investigation of
Jasper County Transit

Copy of NAPA Invoice and Related Check

025 RD APP# 157849
DTA/JASPER COUNTY TRANSIT
474 HWY T-12 N. PH 641-787-0366
NEWTON, IA 50208

DATE 3-1-06

PAY TO THE ORDER OF NAPA

Two Hundred Fifty Five & 82/100 DOLLARS

2235 72-0209/0739

2235 0000021587

Control No. 2788102

NAPA NAPA NEWTON
1800 1ST AVE E
REF VER
Newton 641-792-8874 50208

Y OCR Y

NAPA AUTO PARTS
5959 COLLECTIONS CENTER
CHICAGO, IL 60693

4000050255354338

ALL GOODS RETURNED MUST BE ACCOMPANIED BY THIS INVOICE


DATE	INVOICE NO.	STORE NO.	EMP	SR
3/01/06	535433	05025	6	19

QUANTITY	PART NUMBER	LINE	DESCRIPTION	PRICE	NET	TOTAL	CODE
1.00	1522	4.9	300 CID FIL OIL FILT	12.310	6.283	6.28	F1R
SUB TOTAL		203.65		MISC.		0.00	
TAX		6.000		TOTAL		215.87	

INVOICE TYPE CASH

Report on Special Investigation of
Jasper County Transit

Copy of Invoice from DIRECTV

		ACCOUNT NUMBER	2445153
		DATE DUE	05/30/06

ACCOUNT SUMMARY		
Statement Date: 05/11/06	Previous Balance	94.00
Page 1 of 1 for:	(-) Payments & credits	66.00
SUSAN REESE	(+) Current charges & taxes	51.79
For Service at:	= AMOUNT DUE	\$79.79
ALLISON, IA 50602		

ACCOUNT ACTIVITY			
Start	End	Description	Amount
		Previous Balance	94.00
04/20		OneTime EFT Payment: Thank You	-66.00
Subscriptions For Receiver: 616-035804			
04/20	05/09	Minimum Service Partial Month Charge	3.33
05/10	06/09	TOTAL CHOICE PLUS-no locals Monthly	45.99
		Sales Tax	2.47
AMOUNT DUE			\$79.79

To our Web-savvy customers:
Thank you for viewing your bill online. In July, we are simplifying our billing & will no longer send you both a paper statement & an Ebill notification. To print a copy of your DIRECTV Ebill from any PC, please sign in to DIRECTV.com, & follow the directions listed on the "View Bill" page. If you want to receive a paper bill instead, from the same "View Bill" page, click on "Customer Profile" & de-select the statement option box.

Fast Self-Service is easier than ever.
Sign in at DIRECTV.com & view your bill online, or call our Automatic Phone System & speak your reason for calling.

- Pay your bill by check, credit or debit card
- Check your recent transactions
- Order pay per view or order a programming package


For a worry-free way to pay each month:
See back of bill for details.

Enclosed are your copies of the updated **DIRECTV® Privacy Policy & Customer Agreement**. Please read them. They contain important information about the terms & conditions of your receipt & payment of DIRECTV service. You can also find copies on our Web site at DIRECTV.com/Legal.

BabyFirstTV is here! A new channel just for babies and their parents. In honor of Mother's Day, enjoy a **Free Preview** on Channel 293 this May. Visit DIRECTV.com/baby for more details.

HBO/Cinemax Special Offer Valued at up to \$33! Get 2 premium movies services for the price of one for 3 months. Call 1-800-531-5000 and order today.

CUSTOMER SERVICE 1-800-531-5000

		PLEASE FOLD ALONG PERFORATION, DETACH AND RETURN THIS PORTION WITH YOUR PAYMENT.		DISPENSE
DATE DUE	ACCOUNT NUMBER	AMOUNT DUE	PAYMENT ENCLOSED	
05/30/06	2445153	\$79.79		

If your address or phone number has changed, correct it below.
DO NOT WRITE OTHER COMMENTS ON THIS FORM.

#BWNHPWR
#PPBDDEAEC6#
AT 01 080124 79460B463 A**3DGT
SUSAN REESE
ALLISON IA 50602-0155

(319) 267-2501

Sign up for Automatic Payment Service. See Reverse.

Please indicate amount enclosed. Do not send cash.
Make check or money order payable to:

DIRECTV
PO BOX 78626
PHOENIX AZ 85062-8626

Report on Special Investigation of
Jasper County Transit

Copy of Electronic Check Issued on Behalf of Nathan Ackerman

NATHAN ACKERMAN [REDACTED]		SECURITY STATE BANK 2024 3RD AVE NW WAVERLY, IA 50677	001388 Date <u>June 15, 2005</u>
CEDAR FALLS, IA 050613368			
Pay to the Order of	GE Money Bank	- \$	149.72
13-3141	** One Hundred Forty-Nine and 72/100 *****		DOLLARS
8044100542340825	ORLSphIAm1	CONF#:	
. Verbally Authorized By Your Depositor			
[REDACTED]			⑈0000014972⑈