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NEWS RELEASE

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FOR RELEASE June 2, 2015

Auditor of State Mary Mosiman today released a report on a special investigation of the band program of the Monticello Community School District (District) for the period January 1, 2009 through December 31, 2013. The special investigation was requested by District officials due to concerns proceeds from certain fundraising events were not properly deposited to the checking account maintained by the Monticello Band Parents Booster Club (Band Parents Club) and a portion of the collections deposited to the checking account were not properly expended.

Mosiman reported the special investigation identified \$18,455.94 of improper and unsupported disbursements from the Band Parents Club checking account. The \$5,750.91 of improper disbursements identified consists primarily of cash withdrawals from the Band Parents Club checking account by James Davis, the Band Director. The \$12,705.03 of unsupported disbursements identified includes payments to vendors and individuals.

Mosiman also reported it was not possible to determine if additional amounts were improperly disbursed or if collections for fundraisers or uniform fees were properly deposited during the period reviewed because adequate records were not available.

According to District officials, there are 2 primary fundraisers held for the band program each school year, including a car wash and cheesecake sales. For the car wash, donors pledge either a donation per car washed by the students or a specific donation. According to District officials, the car wash collections were primarily solicited by students participating in the band program. Donors pledged a donation at the time of the solicitation and were subsequently contacted by Mr. Davis to collect payment. However, the collections received were not deposited with the District, but were deposited to a non-District bank account established by the Band Parents Club.

In accordance with guidelines established by the Iowa Association of School Business Officials, proceeds solicited by a booster club may be deposited to a non-District bank account provided the solicitation materials specify the proceeds will be collected by the booster club and not the District. The Band Parents Club was originally established as a booster club. Therefore, donations solicited in the name of the "Band Parents Club" could be deposited to a non-District bank account. However, beginning in 2000, although there was a Treasurer to issue checks from

the Band Parents Club checking account, the Treasurer at that time stated Mr. Davis, not members of the Band Parents Club, controlled the funds. The Band Parents Club Treasurer was solely responsible for issuing checks until April 2010. At that time, Mr. Davis also began issuing checks and, by 2012, Mr. Davis was the only individual issuing checks from the Band Parents Club checking account. According to Mr. Davis, the responsibility was turned over to him when the Treasurer's daughter graduated.

It appears the Band Parents Club checking account was primarily used to support the band program. However, because Mr. Davis assumed control of the funds when he was an employee of the District, the Band Parents Club checking account should have been operated as a District account, not a booster club account. Depositing collections from the fundraisers to the Band Parents Club checking account prevented the collections from being subject to the District's oversight and approval processes to ensure the collections were properly accounted for and used for appropriate purposes. For the period January 1, 2009 through December 31, 2013, deposits to the Band Parents Club checking account totaled \$73,731.91. Disbursements from the checking account totaled \$74,762.04. As of December 31, 2013, the balance in the Band Parents Club checking account was \$10,794.89.

This report includes recommendations to strengthen the District's internal controls and overall operations, such as improving segregation of duties, ensuring all fundraising events are properly approved, and requiring sufficient supporting documentation for all fundraising activities and disbursements. In addition, the report includes a recommendation to ensure the Band Parents Club is operating properly and all donations are properly deposited based on the manner in which they were solicited.

Copies of this report have been filed with the Division of Criminal Investigation, the Jones 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/1430-4446-BE00.pdf>.

# # #

**REPORT ON SPECIAL INVESTIGATION  
OF THE  
BAND PROGRAM  
OF THE  
MONTICELLO COMMUNITY SCHOOL DISTRICT  
  
FOR THE PERIOD  
JANUARY 1, 2009 THROUGH DECEMBER 31, 2013**

## Table of Contents

	<u>Page</u>	
Auditor of State's Report	3-4	
Investigative Summary:		
Background Information	5-6	
Detailed Findings	6-10	
Recommended Control Procedures	11-12	
Exhibits:		
	<u>Exhibit</u>	
Improper Disbursements	A	14-17
Unsupported Disbursements	B	18-23
Improper Bank Fees	C	24-25
Staff		26



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Auditor of State's Report

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

At the request of District officials and as a result of concerns proceeds from certain fundraising events were not properly deposited and a portion of the collections deposited were not properly expended, we conducted a special investigation of the band program of the Monticello Community School District (District). We have applied certain tests and procedures to selected financial transactions of the District for the period January 1, 2009 through December 31, 2013. Based on discussions with District officials and personnel and a review of relevant information, we performed the following procedures.


- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Obtained and reviewed the bank statements for a non-District checking account established by the Monticello Band Parents Booster Club (Band Parents Club) for the band program to determine the source of certain deposits and the propriety of the disbursements.
- (3) Reviewed the Band Parents Club accounting records to determine if collections from the annual car wash fundraiser, cheesecake sales, and uniform fees were properly deposited intact to the Band Parents Club checking account.
- (4) Obtained and reviewed the personal bank statements of James Davis, the Band Director, to identify the source of certain deposits.
- (5) Interviewed District officials and members of the Band Parents Club to obtain explanations for certain procedures and transactions.
- (6) Interviewed Mr. Davis to obtain explanations for certain procedures and transactions.


These procedures identified \$18,455.94 of improper and unsupported disbursements. We were unable to determine if additional amounts were improperly disbursed or if collections for fundraisers or uniform fees were properly deposited during the period reviewed because adequate records were not available. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **C** of this report.

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

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

We would like to acknowledge the assistance extended to us by personnel of the Monticello Community School District during the course of our investigation.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 20, 2015

Report on Special Investigation of the  
Band Program of the  
Monticello Community School District

Investigative Summary

**Background Information**

The Monticello Community School District (District) serves approximately 1,060 students in Jones County. The District has approximately 100 teachers and 2 elementary schools, 1 middle school, and 1 high school in Monticello, Iowa. The District's 5 member Board meets the fourth Monday of each month.

The Activities Director at the District provides support to the sports, music, and arts programs available for student participation in the District. The District also maintains individual accounts within the District's accounting system for each activity, such as band. Each student activity is overseen by an adult sponsor. The sponsors may be District faculty members or other adults hired by the District. James Davis began employment with the District as the Band Director in 1998. As the Band Director, Mr. Davis was the sponsor for the band program and was responsible for:

- organizing practices and guiding the band during performances,
- organizing fundraisers, such as the annual car wash,
- organizing the trip taken every 4 years with the High School seniors participating in band,
- collecting and remitting fundraising proceeds, donations, and uniform fees, and
- monitoring the financial activity of the checking account maintained by the Monticello Band Parents Booster Club (Band Parents Club).

The Band Parents Club was organized as a booster club to support the band program. All proceeds and expenses associated with a fundraising event were accounted for in the Band Parents Club checking account. However, according to District representatives and current Band Parents Club members, the Band Parents Club functioned in name only beginning in approximately 2000, and the checking account was under the sole control of Mr. Davis. There was a Treasurer who issued checks until approximately 2010; however, disbursements were made at the direction of Mr. Davis. Beginning in 2010, Mr. Davis also began issuing checks and, by 2012, Mr. Davis was the sole individual issuing checks from the Band Parents Club checking account. In addition, although the bank statements were received by the Treasurer, they were given to Mr. Davis unopened. According to Mr. Davis, the responsibility was turned over to him when the Treasurer's daughter graduated. Because Mr. Davis operated the Band Parents Club as a District employee from approximately 2000 through 2013, the checking account should have been a District account, not a booster club account.

According to District officials, meetings were held with all booster clubs in the fall of 2013. Effective February 24, 2014, the Board implemented a policy requiring all revenue raised by students or from student activities be deposited and accounted for in the District's Student Activities Fund. In addition, the policy stated the revenue collected is the property of, and shall be under the financial control of, the District, and the funds may be used for purposes approved by the District's Superintendent. The Band Parents Club has now restructured and is operating under a committee of parents as a booster club. Mr. Davis confirmed the Band Parents Club now operates as a committee. He stated they have established a budget and he presents requests to them for their consideration.

In addition, in accordance with District policy established in 1967, all fundraisers held by a school club/organization must be approved in advance by the Superintendent and the Board. The District requires a written application, including the following:

- what items will be sold,
- who is going to solicit the donations and from whom,
- how much money is expected to be raised,
- when the fundraising event is to occur,
- what the money raised will be used for, and
- any other relevant information, including the reason(s) for the project.

The Superintendent provides a list of approved fundraising projects to the Board for final review and approval. According to District representatives, Mr. Davis did not submit a written application for either the annual car wash or the cheesecake sales; however, both fundraisers were on the list of fundraisers provided to the Board for approval.

The District does not have a policy regarding the record keeping required for fundraising events. According to District and Band Parents Club representatives, Mr. Davis tracked donor pledges received by student, including who made the pledge. However, after the donation was collected, Mr. Davis discarded the supporting documentation. In addition, no independent cash counts were performed for any free-will donations collected on the day of the car wash. All collections received were counted and deposited by Mr. Davis. We also determined the District does not have a policy requiring the issuance of pre-numbered receipts to donors at the time collections are received.

In November 2013, Mr. Davis held an emergency meeting of the Band Parents Club to admit using the Band Parents Club checking account for a personal expense when his personal credit card would not work. Mr. Davis stated he had repaid the amount but agreed to relinquish the debit card to the Band Parents Club. In addition, Mr. Davis was removed as an authorized check signer on the Band Parents Club checking account. According to current Band Parents Club members, they also asked Mr. Davis about other unusual disbursements; however, he did not answer the question.

In January 2014, the Band Parents Club met with District officials and expressed concerns regarding the deposit of proceeds from the fundraisers and the use of the Band Parents Club checking account. The Band Parents Club, in conjunction with District officials, reviewed bank activity from 2011 through 2013 and identified several disbursements which appeared questionable. In addition, concerns with the amounts deposited from the fundraisers were identified. However, minimal supporting documentation was available.

On August 19, 2014, the District's attorney contacted the Office of Auditor of State to inquire if assistance could be provided to the District. On August 20, 2014, the Superintendent notified the Office of Auditor of State concerns had been identified regarding the Band Parents Club checking account.

As a result of the concerns identified, District officials requested the Office of Auditor of State review the band program of the Monticello Community School District. We performed the procedures detailed in the Auditor of State's report for the period January 1, 2009 through December 31, 2013.

### **Detailed Findings**

These procedures identified \$18,455.94 of improper and unsupported disbursements from the Band Parents Club checking account. The \$5,750.91 of improper disbursements identified



consists primarily of cash withdrawals from the Band Parents Club checking account. The \$12,705.03 of unsupported disbursements identified includes payments to vendors and individuals. It was not possible to determine if additional amounts were improperly disbursed or if collections for fundraisers or uniform fees were properly deposited during the period reviewed because adequate records were not available. If sufficient records had been readily available, undeposited collections may have been identified. **Table 1** summarizes the improper and unsupported disbursements identified. The improper and unsupported disbursements are listed in **Exhibits A** through **C** and a detailed explanation of each finding follows.

**Table 1**

<b>Description</b>	<b>Improper</b>	<b>Unsupported</b>	<b>Total</b>	<b>Exhibit</b>
Counter checks	\$ 2,285.00	-	2,285.00	<b>A</b>
ATM withdrawals	2,268.00	-	2,268.00	<b>A</b>
Vendor checks	539.47	11,666.32	12,205.79	<b>A/B</b>
Debit card purchases	291.42	1,038.71	1,330.13	<b>A/B</b>
Subtotal	5,383.89	12,705.03	18,088.92	
Bank fees	367.02	-	367.02	<b>C</b>
Total	\$ 5,750.91	12,705.03	18,455.94	

**IMPROPER AND UNSUPPORTED DISBURSEMENTS**

We reviewed all disbursements from the Band Parents Club checking account for the period January 1, 2009 through December 31, 2013. In addition, we reviewed available documentation for certain payments to determine if they were appropriate; however, supporting documentation was only available for 9 of the 212 disbursements reviewed. As a result, we reviewed the payees on images of redeemed checks and discussed the disbursements with District officials and current Band Parents Club members.

Based on our review of the available supporting documentation, the vendor, and discussions with District officials and current Band Parents Club members, we classified the payments as reasonable, improper, or unsupported. Payments were classified as improper if they appeared personal in nature or were not reasonable for the operation of the band program. Payments were classified as unsupported if it was not possible to determine if the payment was related to the band program or was personal in nature. Although supporting documentation was limited, payments were classified as reasonable if they were clearly for the operation of the band program. The improper and unsupported disbursements identified are explained in detail in the following paragraphs.

Although supporting documentation was limited, it appears the Band Parents Club checking account was primarily used to support the band program. For the period January 1, 2009 through December 31, 2013, deposits to the Band Parents Club checking account totaled \$73,731.91. Disbursements from the checking account totaled \$74,762.04. As of December 31, 2013, the balance in the Band Parents Club checking account was \$10,794.89.

**Counter Checks and ATM Withdrawals** – We identified 25 cash withdrawals from the Band Parents Club checking account during the period reviewed. Of these, 14 were Automated Teller Machine (ATM) withdrawals totaling \$2,268.00 and 11 were counter checks totaling \$2,285.00. The ATM withdrawals ranged from \$40.00 to \$400.00, and the counter checks ranged from \$40.00 to \$600.00. Although images of the redeemed counter checks were provided with the bank statements, Mr. Davis did not maintain supporting documentation detailing how the cash withdrawn was used. As a result, we are unable to determine if there was a legitimate reason for the cash withdrawals. However, according to a Band Parents Club representative, the Band

Parents Club does not remit cash payment for any purchases and/or invoices received. The Band Parents Club representative further stated she was unable to think of any legitimate reasons for cash withdrawals from the Band Parents Club checking account. Therefore, we consider the 25 cash withdrawals listed in **Exhibit A** to be improper disbursements.

We spoke with Mr. Davis about the cash withdrawals and he stated the majority were used to purchase used instruments at garage sales. However, he was unable to provide any documentation to support the number of instruments purchased. He further stated he did not include the instruments purchased at garage sales on the inventory listing provided to the District.

**Payments to Vendors** – As previously stated, we reviewed all checks from the Band Parents Club checking account from January 1, 2009 through December 31, 2013 to determine if the purchases appeared reasonable for band program operations. As a result of this review, we identified 10 checks issued to vendors, totaling \$539.47, which we consider to be improper. Supporting documentation was not available for any of the 10 checks identified. Based on the vendor and the amount, it did not appear the checks were for band program operations. The 10 checks identified are listed in **Exhibit A** and include:

- 5 checks issued to restaurants ranging from \$19.58 to \$37.56,
- a check issued to a hotel,
- a check issued to Mr. Davis' daughter,
- a check redeemed for cash,
- a check written in excess of the purchase total in order to receive cash back from a vendor, and
- a check for which we were unable to obtain an image.

We spoke with Mr. Davis about the checks identified. He stated 3 of the restaurant purchases were for meals for contests; however, he was unable to provide any additional supporting documentation. The meal purchases identified occurred in November 2012 and February 2013, but the solo contest was held in April 2013. Mr. Davis indicated the check issued to the hotel was lodging for the All State Music Festival; however, the check was dated December 28, 2008 but the festival concert was held November 22, 2008. He identified the check issued to his daughter as a camp scholarship. Camp scholarships were also issued to several other students at that same time. However, his daughter graduated in 2009 and the check identified was issued in 2010. According to a Band Parents Club representative, it would not be reasonable to provide a camp scholarship to a student who had already graduated. Mr. Davis did not provide any further explanation for the remaining 5 checks.

In addition, we identified 56 checks issued to various vendors and individuals, including Theisen's, Pizza Ranch, Spahn & Rose, Fareway, and Mr. Davis' daughter. According to District officials, Mr. Davis stated he paid his daughter to choreograph the Color Guard. However, there was no supporting documentation of the services provided, and District officials stated they were unsure the services had been received. When asked, a representative of the Band Parents Club stated, although Mr. Davis' daughter did provide assistance with Color Guard, it was not clear exactly what services she had provided. Based on the vendor and amount, we were unable to determine if the 56 checks identified were for band program operations or were personal in nature. As a result, the 56 checks listed in **Exhibit B**, which total \$11,666.32, are considered unsupported.

We spoke with Mr. Davis about the checks identified. Although he provided an explanation for some of the checks, he did not provide supporting documentation for any of the disbursements. The explanations he provided were as follows:

- Several of the individuals listed were accompanists or clinicians brought in to work with the students.
- Lee Stephen Music was a friend who repaired 3 tubas by using parts from a 4<sup>th</sup> tuba.
- He had a printer in his office at the school for which he supplied ink.
- Marla and Jeanine Dirks had driven the truck and band trailer to Florida and received reimbursement for the fuel purchased.
- Purchases from Thiesen's and Spahn & Rose were to build shelves, rods, and ramps to make the trailer "bandable."
- He often purchased preseason snacks and candy for the students in the band program.

As previously stated, Mr. Davis agreed to relinquish the debit card established for the Band Parents Club checking account to the current Band Parents Club members in November 2013. According to a representative of the Band Parents Club, Mr. Davis did not tell anyone he had obtained a debit card for the checking account. We spoke with Mr. Davis about the debit card and he stated it was obtained to make online purchases, such as a saxophone from Colorado. We identified 29 purchases made from the Band Parents Club checking account using the debit card. However, we determined only 1 of the 29 purchases made with the debit card was an online purchase. In addition, supporting documentation was not available for any of the debit card purchases.

Of the 29 debit card purchases identified, we classified 8 as improper based on the vendor and the amount. The 8 debit card purchases identified, which total \$291.42, are listed in **Exhibit A** and include:

- 5 purchases at restaurants ranging from \$14.82 to \$50.00 and
- 3 purchases at a convenience store.

For 20 of the remaining 21 debit card purchases, based on the vendor and the amount, we were unable to determine if the purchases were for band program operations or were personal in nature. Purchases were made from various vendors, such as Fareway, Thiesen's, Spahn & Rose, and Dollar General. According to Mr. Davis, a purchase from an on-line wholesale novelty shop was for leis and beads for the 4<sup>th</sup> of July Parade in 2013; however, he was unable to provide supporting documentation for the purchase. District representatives confirmed leis and beads were handed out at the parade in 2013. As a result, the 21 purchases listed in **Exhibit B**, which total \$1,038.71, are classified as unsupported.

**Bank Fees** – As previously stated, we reviewed all disbursements from the Band Parents Club checking account for the period January 1, 2009 through December 31, 2013. As a result, we identified 38 withdrawals from the Band Parents Club checking account for bank fees, including monthly low balance fees, ATM withdrawal fees, excessive withdrawal fees, and sales tax. Because the fees were incurred as a direct result of Mr. Davis' management of the checking account, we consider the 38 withdrawals identified listed in **Exhibit C**, totaling \$367.02, to be improper disbursements.

## **COLLECTIONS**

The Band Parents Club's primary revenue sources include the annual car wash, cheesecake sales, and uniform fees. As previously stated, all proceeds from fundraising events were to be deposited in the Band Parents Club checking account. Mr. Davis tracked donor pledges received by students, collected the donations, and deposited the proceeds. However, Mr. Davis discarded all supporting documentation after completion of the fundraiser. In addition, no independent cash counts were performed. As a result, we are unable to determine if the fundraising proceeds collected were properly deposited. In addition, based on a review of the bank statements,

fundraising proceeds varied greatly from year to year. As a result, we are unable to perform a comparison to determine if the deposits to the Band Parents Club checking account appeared reasonable. According to Mr. Davis, the car wash is not as successful as it has been in previous years because the students are not motivated to pursue donations.

Uniform fees were to be collected at the beginning of the school year with other student registration fees. The funds collected were to be deposited to the Band Parents Club checking account and subsequently used for dry cleaning expenses for the band uniforms. According to a representative of the Band Parents Club, uniform fees were not collected as expected. The Band Parents Club representative further stated, in a recent school year, the uniforms could not be dry cleaned until after the annual car wash because there were not enough funds available. According to Mr. Davis, he did not collect the uniform fees during registration because he did not want to overburden the parents. Rather, he collected them throughout the school year. He further stated he did not recall the specific instance cited by the Band Parents Club representative.

We obtained the number of students registered for High School band for each school year from 2010 through 2013. During this period, uniform fees were \$30.00 for High School freshmen and \$15.00 for returning students. We calculated the total expected amount of uniform fees to be collected and attempted to compare the calculated amount to deposits. **Table 2** summarizes the number of students registered for the High School band program and the estimated uniform fees for each school year.

**Table 2**

<b>School Year</b>	<b>Freshmen</b>	<b>Fee</b>	<b>Subtotal</b>	<b>Upperclassmen</b>	<b>Fee</b>	<b>Subtotal</b>	<b>Total</b>
2010-2011	14	\$30.00	420.00	43	\$15.00	645.00	1,065.00
2011-2012	8	30.00	240.00	41	15.00	615.00	855.00
2012-2013	19	30.00	570.00	33	15.00	495.00	1,065.00
2013-2014	16	30.00	480.00	32	15.00	480.00	960.00
Total	57		\$ 1,710.00	149		\$ 2,235.00	3,945.00

No records were maintained for the uniform fee collections. In addition, deposit detail was not readily available. As a result, we are unable to determine what amount, if any, of uniform fees were collected and whether any uniform fees collected were subsequently deposited intact.

## **Recommended Control Procedures**

As part of our investigation, we reviewed the procedures used by the Monticello Band Parents Booster Club to perform bank reconciliations and process receipts and disbursements. An important aspect 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 errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the Band Parents Club's internal controls.

- A. Non-District Bank Account – According to the Iowa Association of School Business Officials, if boosters are soliciting donations, this should be stated on the solicitation materials. Donations solicited and collected in this manner may be deposited to a non-District bank account. However, during the period reviewed, the Band Parents Club checking account was under the control of the Band Director, a District employee. As a result, the account should not have been maintained as a non-District bank account. The balance in the non-District bank account as of December 31, 2013 was \$10,794.89. Effective the fall of 2013, the Band Parents Club restructured and began operating properly as a booster club.

Recommendation – The District should ensure all student activities which established a non-District bank account are in compliance with current guidelines regarding fundraising. In addition, the District should request amounts held in non-District bank accounts which should have been deposited with the District be remitted to the District.

- B. Segregation of Duties – An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The Band Director had control over each of the following areas.
- (1) Receipts – collecting and depositing.
  - (2) Disbursements – making purchases, receiving goods and services, maintaining supporting documentation, preparing, signing and distributing checks.
  - (3) Bank accounts – receiving and reconciling monthly bank statements and monitoring financial activity.

Prior to the fall of 2013, the Band Parents Club operated in name only. There was no independent committee to perform cash counts, reconcile fundraising collections, or reconcile the checking account. The Band Parents Club has now restructured and is operating under a committee of parents.

Recommendation – We realize segregation of duties is difficult with a limited number of individuals involved. However, the duties within each function listed above should be segregated between the Band Parents Club Treasurer and the Band Parents Club members. In addition, the Band Parents Club members should review financial records, perform reconciliations and examine supporting documentation for financial transactions on a periodic basis.

- C. Approval of Fundraisers – In accordance with District policy, all fundraisers held by a school club/organization must be approved in advance by the Superintendent and the Board. The District requires a written application to document this approval prior to the event. According to District representatives, Mr. Davis did not submit a written application for either the annual car wash or the cheesecake sales. However, both fundraisers were on the list of fundraisers provided to the Board for approval.

Recommendation – The District should ensure all fundraisers held by a school club/organization are properly approved in advance. In addition, District officials should ensure all student activity sponsors are aware of the District’s policy and the requirement for a written application.

D. Disbursements – During our review of the Band Parents Club’s disbursements, the following were identified:

- (1) Disbursements were not always supported by invoices or other documentation.
- (2) Disbursements were not approved by the Band Parents Club members.
- (3) The Band Parents Club incurred bank fees due to the mismanagement of the checking account.
- (4) Certain disbursements were made using a debit card or cash withdrawals.

Recommendation – All Band Parents Club disbursements should be made by check and should be approved by members of the Band Parents Club prior to disbursement. The Band Parents Club should discontinue the use of a debit card and cash withdrawals. In addition, detailed supporting invoices and/or receipts should be maintained for all disbursements.

E. Supporting Documentation – Supporting documentation for the annual car wash, cheesecake sales, and uniform fees was either not maintained or was incomplete. As a result, we are unable to determine the amount of total collections.

Recommendation – The Band Parents Club should ensure sufficient supporting documentation is maintained for all collections. An independent person should reconcile the amount deposited to total collections to ensure all collections are properly deposited.

F. Notification – Section 11.6(7) of the *Code of Iowa* requires governmental subdivisions to notify the Auditor of State regarding any suspected embezzlement, theft or other significant financial irregularities. The Auditor of State was not notified when District officials became aware of the concerns regarding fundraising proceeds and the use of the Band Parents Club checking account.

Recommendation – The District should implement procedures to ensure compliance with section 11.6(7) of the *Code of Iowa*.

**Exhibits**

Report on Special Investigation of the  
Band Program of the  
Monticello Community School District

Improper Disbursements  
For the period January 1, 2009 through December 31, 2013

<b>Per Bank Statements</b>				
<b>Date</b>	<b>Check Number</b>	<b>Vendor</b>	<b>Memo Line</b>	<b>Counter Check</b>
12/28/08	778	Hampton Inn	-	# \$ -
10/24/09	810	Cash	Halloween prizes	-
08/09/10	830	Ashley Davis	-	-
10/25/10	841	Fareway	Candy and prizes	^ -
06/28/11	-	-	Beads - 4th of July	79.00
06/30/11	-	-	Shipping	56.00
01/06/12	-	-	-	120.00
02/21/12	746	Darrell's	-	-
05/08/12	-	-	-	500.00
06/14/12	-	-	-	200.00
08/27/12	-	-	-	600.00
08/29/12	-	Pizza Ranch	-	-
10/29/12	-	-	-	70.00
11/09/12	-	-	-	-
11/12/12	1013	Darrell's House of Munch	Solo night meals	-
11/13/12	-	-	-	-
11/19/12	-	-	-	-
11/23/12	-	-	-	-
12/28/12	-	-	-	-
01/07/13	-	Riley's Café	-	-
01/07/13	-	Hacienda	-	-
01/08/13	-	-	-	-
01/16/13	-	-	-	100.00
01/17/13	-	Casey's	-	-
01/17/13	-	-	-	-
02/12/13	-	-	-	40.00
02/13/13	1018	Subway	Auditor food	-
03/06/13	1020	Subway	Lunch	-
04/19/13	-	-	-	320.00
05/08/13	-	-	-	200.00
05/13/13	-	-	-	-
05/14/13	-	-	-	-
05/21/13	-	Casey's	-	-
06/13/13	-	-	-	-



<b>ATM Withdrawal</b>	<b>Vendor Check</b>	<b>Debit Card Purchase</b>	<b>Total</b>
-	291.00	-	291.00
-	15.00	-	15.00
-	40.00	-	40.00
-	30.00	-	30.00
-	-	-	79.00
-	-	-	56.00
-	-	-	120.00
-	20.90	-	20.90
-	-	-	500.00
-	-	-	200.00
-	-	-	600.00
-	-	24.60	24.60
-	-	-	70.00
200.00	-	-	200.00
-	19.58	-	19.58
200.00	-	-	200.00
82.50	-	-	82.50
400.00	-	-	400.00
300.00	-	-	300.00
-	-	36.00	36.00
-	-	35.00	35.00
100.00	-	-	100.00
-	-	-	100.00
-	-	64.00	64.00
100.00	-	-	100.00
-	-	-	40.00
-	29.43	-	29.43
-	37.56	-	37.56
-	-	-	320.00
-	-	-	200.00
170.00	-	-	170.00
40.00	-	-	40.00
-	-	20.00	20.00
202.00	-	-	202.00

Report on Special Investigation of the  
Band Program of the  
Monticello Community School District

Improper Disbursements  
For the period January 1, 2009 through December 31, 2013

<b>Per Bank Statements</b>				
<b>Date</b>	<b>Check Number</b>	<b>Vendor</b>	<b>Memo Line</b>	<b>Counter Check</b>
06/24/13	-	-	-	-
07/16/13	-	Fazoli's	-	-
08/09/13	1021	Pizza Ranch	Meeting	-
08/16/13	-	-	-	-
10/15/13	-	-	-	-
10/23/13	-	Casey's	-	-
10/28/13	**	**	**	-
11/25/13	-	Lucullan	-	-
11/25/13	-	-	-	-
Total				\$2,285.00

# - This check was issued prior to the period reviewed. The bank statement received was for the period December 20, 2008 through January 21, 2009. As a result, it was included in our review.

^ - The check was issued for \$65.58. However, only \$35.58 was supported by a receipt. The remaining \$30.00 was cash back received from the vendor.

\*\* - No check image provided with bank statement.

<b>ATM Withdrawal</b>	<b>Vendor Check</b>	<b>Debit Card Purchase</b>	<b>Total</b>
80.00	-	-	80.00
-	-	14.82	14.82
-	26.00	-	26.00
70.00	-	-	70.00
202.00	-	-	202.00
-	-	47.00	47.00
-	30.00	-	30.00
-	-	50.00	50.00
121.50	-	-	121.50
<u>2,268.00</u>	<u>539.47</u>	<u>291.42</u>	<u>5,383.89</u>

Report on Special Investigation of the  
Band Program of the  
Monticello Community School District

Unsupported Disbursements  
For the period January 1, 2009 through December 31, 2013

**Per Bank Statements**

<b>Date</b>	<b>Check Number</b>	<b>Vendor</b>	<b>Memo Line</b>
01/06/09	779	Michael's Clothing	#90242 - Jewelry
01/13/09	780	Keleher's Jewelry	Invoice #033241
02/09/09	783	Theisen's	<i>Illegible</i>
02/18/09	784	Theisen's	-
02/19/09	785	Kirk Prybal	-
02/19/09	786	Matt Paterschmit	-
02/19/09	787	Jeff Peterson	-
02/25/09	788	Kirk Prybal	-
02/25/09	789	Jeff Peterson	-
03/23/09	791	Boss Office Supplies	-
04/23/09	792	Mary Ann Peterson	-
<i>Illegible</i>	793	Lisa Smith	-
05/04/09	794	<i>Illegible</i>	-
05/04/09	796	Lee Stephen Music	1/2 of the repair bill
05/28/09	797	Jim Davis	Drum major camp
06/01/09	798	EHS CO Boosters	-
06/29/09	799	Band Summit of Iowa	<i>Illegible</i>
07/02/09	800	Fareway	-
08/19/09	802	Michelle Eggleton	Invoice #102
08/28/09	803	Boss	Invoice #461515 printer
09/03/09	805	Jim Davis	-
09/25/09	807	Theisen's	-
09/25/09	808	Ashley Davis	-
10/30/09	811	Kieth Sieren	-
12/09/09	814	Lee Stephen Music Ince	Invoice #09120501
12/19/09	815	Michael's Clothing	Invoice #8013989
01/14/10	818	Brian Cole	-
04/12/10	820	Deb Porter	-

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	<b>Vendor Check</b>	<b>Debit Card Purchase</b>	<b>Total</b>
\$	23.75	-	23.75
	27.00	-	27.00
	74.92	-	74.92
	74.92	-	74.92
	75.00	-	75.00
	75.00	-	75.00
	75.00	-	75.00
	75.00	-	75.00
	75.00	-	75.00
	60.63	-	60.63
	175.00	-	175.00
	150.00	-	150.00
	100.00	-	100.00
	400.00	-	400.00
	290.00	-	290.00
	360.00	-	360.00
	127.42	-	127.42
	53.83	-	53.83
	100.00	-	100.00
	99.99	-	99.99
	20.00	-	20.00
	106.81	-	106.81
	500.00	-	500.00
	41.73	-	41.73
	1,100.00	-	1,100.00
	52.50	-	52.50
	70.00	-	70.00
	200.00	-	200.00

Report on Special Investigation of the  
Band Program of the  
Monticello Community School District

Unsupported Disbursements  
For the period January 1, 2009 through December 31, 2013

**Per Bank Statements**

<b>Date</b>	<b>Check Number</b>	<b>Vendor</b>	<b>Memo Line</b>
05/21/10	821	Molly Hunter	Flute
07/02/10	822	Family Foods	-
07/02/10	823	Justin Carlson	-
08/05/10	824	Pizza Ranch	-
09/10/10	837	Justin Carlson	<i>Illegible</i>
10/15/10	840	Ashley Davis	Color guard
02/21/11	848	John Marci	-
02/24/11	849	Steve Little	-
02/24/11	850	Jeff Peterson	-
02/24/11	851	Kirk Prybal	-
04/07/11	853	Monticello Booster Club	-
04/11/11	855	Carolyn Turnis	-
05/11/11	859	Carolyn Turnis	-
06/30/11	724	Fareway	-
08/10/11	730	Ashley Davis	-
08/23/11	731	Audry Green	Oboe
09/06/11	733	Diana Jones	-
09/06/11	734	Marla and Jeanine Dirks	Gas & <i>Illegible</i>
09/25/11	736	Michael's Clothing	-
11/09/11	737	Darick's	-
05/15/12	1001	Pizza Ranch	-
06/21/12	1002	Connie Brehm	Camp
06/21/12	1003	Connie Schroeder	Camp
07/03/12	-	Fareway	-
08/22/12	-	Theisen's	-
09/09/12	1006	Ashley Ann Davis	Guard

<b>Vendor Check</b>	<b>Debit Card Purchase</b>	<b>Total</b>
500.00	-	500.00
157.85	-	157.85
50.00	-	50.00
48.59	-	48.59
60.00	-	60.00
500.00	-	500.00
400.00	-	400.00
75.00	-	75.00
75.00	-	75.00
75.00	-	75.00
327.45	-	327.45
412.50	-	412.50
10.00	-	10.00
68.11	-	68.11
500.00	-	500.00
300.00	-	300.00
300.00	-	300.00
1,265.72	-	1,265.72
10.00	-	10.00
35.00	-	35.00
162.50	-	162.50
270.00	-	270.00
270.00	-	270.00
-	99.66	99.66
-	54.85	54.85
500.00	-	500.00

Report on Special Investigation of the  
Band Program of the  
Monticello Community School District

Unsupported Disbursements  
For the period January 1, 2009 through December 31, 2013

**Per Bank Statements**

<b>Date</b>	<b>Check Number</b>	<b>Vendor</b>	<b>Memo Line</b>
09/17/12	-	Theisen's	-
09/17/12	-	Theisen's	-
10/23/12	1011	Boss	Cheesecake env
10/25/12	-	Theisen's	-
10/31/12	-	Dollar General	-
11/12/12	1012	Janice Vetter	-
01/16/13	-	Subway	-
05/17/13	-	Dollar General	-
05/20/13	-	Wal-Mart	-
06/17/13	-	Spahn & Rose	-
06/19/13	-	Spahn & Rose	-
06/20/13	-	Century House	-
06/20/13	-	Fareway	-
06/20/13	-	Spahn & Rose	-
06/21/13	-	Fareway	-
06/21/13	-	Zymetrical.com	-
06/24/13	-	Karde's Convenient Store	-
07/05/13	-	Fareway	-
08/21/13	-	Fareway	-
08/22/13	-	Fareway	-
09/23/13	1024	Ashley Ann Davis	Guard stipend
10/30/13	-	Dollar General	-
11/29/13	1026	<i>Illegible</i>	-
Total			



<b>Vendor Check</b>	<b>Debit Card Purchase</b>	<b>Total</b>
-	32.04	32.04
-	12.82	12.82
25.10	-	25.10
-	34.04	34.04
-	41.20	41.20
115.00	-	115.00
-	73.30	73.30
-	29.96	29.96
-	57.73	57.73
-	37.12	37.12
-	4.59	4.59
-	78.11	78.11
-	23.52	23.52
-	18.35	18.35
-	39.77	39.77
-	199.35	199.35
-	48.00	48.00
-	46.97	46.97
-	28.22	28.22
-	23.15	23.15
500.00	-	500.00
-	55.96	55.96
70.00	-	70.00
<b>\$ 11,666.32</b>	<b>1,038.71</b>	<b>12,705.03</b>

**Exhibit C**

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Report on Special Investigation of the  
Band Program of the  
Monticello Community School DistrictImproper Bank Fees  
For the period January 1, 2009 through December 31, 2013

<b>Per Bank Statements</b>		
<b>Date</b>	<b>Amount</b>	<b>Description</b>
09/21/11	\$ 0.90	Sales Tax
09/21/11	15.00	Monthly Fee - Low Balance
10/20/11	0.90	Sales Tax
10/20/11	15.00	Monthly Fee - Low Balance
12/20/11	45.85	Excessive Withdrawal
09/19/12	0.90	Sales Tax
09/19/12	15.00	Monthly Fee - Low Balance
10/22/12	0.90	Sales Tax
10/22/12	15.00	Monthly Fee - Low Balance
11/19/12	0.12	Sales Tax
11/19/12	2.00	Other Bank ATM Withdrawal Fee
11/20/12	0.90	Sales Tax
11/20/12	15.00	Monthly Fee - Low Balance
02/19/13	0.90	Sales Tax
02/19/13	15.00	Monthly Fee - Low Balance
03/20/13	0.90	Sales Tax
03/20/13	15.00	Monthly Fee - Low Balance
04/19/13	0.90	Sales Tax
04/19/13	15.00	Monthly Fee - Low Balance

Report on Special Investigation of the  
Band Program of the  
Monticello Community School District

Improper Bank Fees  
For the period January 1, 2009 through December 31, 2013

<b>Per Bank Statements</b>		
<b>Date</b>	<b>Amount</b>	<b>Description</b>
05/21/13	0.90	Sales Tax
05/21/13	15.00	Monthly Fee - Low Balance
06/13/13	0.15	Sales Tax
06/13/13	2.50	Other Bank ATM Withdrawal Fee
06/19/13	0.90	Sales Tax
06/19/13	15.00	Monthly Fee - Low Balance
07/22/13	0.90	Sales Tax
07/22/13	15.00	Monthly Fee - Low Balance
08/21/13	0.90	Sales Tax
08/21/13	15.00	Monthly Fee - Low Balance
09/19/13	0.90	Sales Tax
09/19/13	15.00	Monthly Fee - Low Balance
10/22/13	0.15	Sales Tax
10/22/13	2.50	Other Bank ATM Withdrawal Fee
10/22/13	0.90	Sales Tax
10/22/13	15.00	Monthly Fee - Low Balance
11/25/13	0.15	Sales Tax
11/25/13	2.50	Other Bank ATM Withdrawal Fee
12/19/13	88.50	Excessive Withdrawal
Total	<u>\$ 367.02</u>	

Report on Special Investigation of the  
Band Program of the  
Monticello Community School District

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director  
Jennifer Campbell, CPA, Manager  
Brandon A. Soda, CPA, Staff  
Trent Mussman, Staff



Tamera S. Kusian, CPA  
Deputy Auditor of State