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NEWS RELEASE

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Auditor of State David A. Vaudt today released a report on a special investigation of the City of Reasnor. The report covers the period May 1, 2005 through December 31, 2005. The special investigation was requested by the County Attorney as a result of alleged misappropriations of City funds. The Sewer Clerk, Kevin Beck, left employment as a result of the concerns identified.

Vaudt reported the special investigation identified \$45,261.68 of improper disbursements. The improper disbursements include \$32,172.42 of payments to the former Sewer Clerk, \$12,290.85 of cash withdrawals and \$784.41 of payments to vendors. The improper payments included 52 checks to Kevin Beck, with 50 of these signed by Kevin Beck or signed using a photocopy of the City Clerk's signature.

The improper disbursements were made from the City's sewer checking and savings account and the City's main checking and savings accounts. The improper disbursements by account are as follows:

Account	Amount
Sewer Checking Account	\$ 27,636.13
Sewer Savings Account	3,175.85
City Main Checking Account	12,093.70
City Savings Account	2,356.00
Total	<u>\$ 45,261.68</u>

In addition, Vaudt reported Mr. Beck repaid \$4,520.00 to the City in 3 deposits occurring between September 19, 2005 and October 24, 2005. Also, 3 months of gross wages totaling \$300.00 owed to the Sewer Clerk were not paid.

Vaudt also reported adequate records for sewer collections and billings were not available to determine whether all sewer receipts were properly deposited.

The report also includes recommendations to strengthen the City's internal control and overall operations.

Copies of the report have been filed with the Jasper County Sheriff's Office, the Jasper County Attorney's Office, the Division of Criminal Investigation and the Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/specials/specials.htm>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
CITY OF REASNOR
FOR THE PERIOD
MAY 1, 2005 THROUGH DECEMBER 31, 2005**

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David A. Vaudt, CPA
Auditor of State

Auditor of State's Report

To the Honorable Mayor and
Members of the City Council:

As a result of alleged improprieties regarding certain disbursements and at the request of the Jasper County Attorney, we conducted a special investigation of the City of Reasnor. We have applied certain tests and procedures to selected financial transactions of the City of Reasnor for the period May 1, 2005 through December 31, 2005. Based on discussions with City officials and representatives of the Jasper County Sheriff's Office and a review of relevant information, we performed the following procedures:

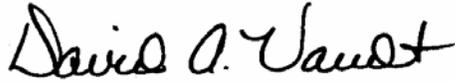
- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Examined City records seized by representatives of the Jasper County Sheriff's Office while serving a search warrant.
- (3) Examined the bank statements for the City's checking and savings accounts to identify any unusual activity. We also examined copies of certain canceled checks, deposit slips and related documents for propriety.
- (4) Scanned all disbursements and examined selected transactions to determine if they were properly approved, for appropriate purposes and supported by adequate documentation.
- (5) Examined deposits to the City's bank accounts to determine the source, purpose and propriety of each deposit. We also confirmed receipts received from the State of Iowa and Jasper County.
- (6) Analyzed and compared deposits and withdrawals from the City's sewer checking account for the period before and after Kevin Beck started working for the City.
- (7) Obtained invoices or other supporting documentation from selected vendors to determine if the payments were for appropriate purposes.

These procedures identified \$45,261.68 of improper disbursements. We were unable to determine if all sewer collections were properly deposited because adequate records for receipts and billings 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 **F** of this report.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the City of Reasnor, other matters might 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 Jasper County Attorney's Office, the Division of Criminal Investigation and the Attorney General's Office.

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of the City of Reasnor and the Jasper County Sheriff's Office during the course of our investigation.



DAVID A. VAUDT, CPA
Auditor of State

May 19, 2006



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

City of Reasnor

Investigative Summary

Background Information

Kevin Beck assumed the duties of Sewer Clerk for the City of Reasnor on June 1, 2005 after the previous Sewer Clerk resigned, effective May 31, 2005. Mr. Beck and the City Clerk received training from the previous Sewer Clerk around the middle of May 2005 at the City Clerk's residence. Kevin Beck is the son of the City Clerk, Jan McClelland. The City Council minutes do not include any discussion or approval for the hiring of Mr. Beck as the Sewer Clerk. It is not clear whether Mr. Beck was officially the Sewer Clerk or was an assistant to the City Clerk, Jan McClelland. The November 14, 2005 City Council minutes indicate the City Clerk was the Sewer Clerk and was bonded for both positions. The Council Members we spoke with indicted Kevin Beck was to help with the Sewer Clerk duties under the supervision of the City Clerk. The City Clerk stated at the January 9, 2006 City Council meeting "that the Sewer Clerk had never been supervised before this time and did and does not feel it was her place to supervise, nor did she understand that was what was expected of her." She also stated she was supposed to take over the Sewer Clerk position in January. The City Clerk did not perform any Sewer Clerk duties while Mr. Beck was employed by the City, nor did she directly supervise Kevin Beck. For this report, we will refer to Mr. Beck as the Sewer Clerk.

According to documents obtained from City files, the Sewer Clerk's job duties and responsibilities include:

- managing the finances for the Sewer Account, including maintaining a ledger, preparing disbursements, signing checks and depositing sewer receipts,
- preparing customer billings, collecting payments and maintaining a ledger by customer,
- tracking delinquent accounts and sending certified letters to customers who are delinquent,
- reconciling the sewer checking and saving accounts monthly,
- preparing and presenting a quarterly report to the City Council of the income and expenses for the Sewer Department,
- preparing a Sewer Department budget on an annual basis to be approved by the City Council.

Ms. McClelland resigned as City Clerk at the January 9, 2006 City Council meeting, effective January 31, 2006. The Mayor, Richard McClelland, is the husband of Jan McClelland and the stepfather of Kevin Beck.

The City's primary revenue sources are taxes from Jasper County and the State of Iowa. The City Clerk is responsible for all financial activities of the City, except for Sewer Department activity which is the responsibility of the Sewer Clerk. The City maintains a checking account for all City activity except for Sewer Department activity. The City maintains a separate sewer checking account in which all sewer revenue is to be deposited. The Sewer Clerk sends monthly billings to sewer customers. The billing includes a charge of \$15 per sewer line and \$2 for recycling. Sewer Department expenses are to be paid from the sewer checking account. Sewer Department expenses include monthly fees for utilities, maintenance, office supplies, payroll, and recycling fees. Also, quarterly payments are made to the City for payroll taxes. In addition, the City has a sewer savings account.

All checks from the City's main checking account were to include two signatures. The checks were usually signed by the City Clerk and the Mayor. The checks from the sewer checking account did not have the same requirement. Mr. Beck was the only signature necessary for these checks.

Certain improprieties were brought to the attention of two Council Members at a meeting on December 13, 2005. At this meeting, which was requested by the City Clerk, Ms. McClelland informed the attending Council Members her son Kevin had taken money from the sewer checking account and the City's main checking account. She presented an affidavit from Kevin Beck admitting to taking \$25,186.00 of city funds and a proposal for repayment of these funds. A copy of the affidavit and proposal are included in **Appendix 1**. Ms. McClelland told the Council Members that if the City would not press criminal charges against Mr. Beck, he would pay back the money he had taken from the City. The Council Members did not agree to the proposal and subsequently informed the County Attorney of the situation.

A special City Council meeting was held on December 15, 2005 to discuss personnel issues and the misappropriation of City funds. The Council went into closed session to discuss personnel issues. After the closed session, the Jasper County Attorney addressed the issue of possible misappropriation of City funds. Also, at this meeting, the Council passed a resolution that the Treasurer would be added as one of the two signatures on City checks. All checks would now be signed by the Treasurer and either the City Clerk or the Mayor. On December 27, 2005, another special City Council meeting was held to further discuss the misappropriation of City funds. The Jasper County Attorney was present to answer questions from the Council and citizens.

In a letter dated December 19, 2005, the Jasper County Attorney contacted the Office of Auditor of State to request an investigation. As a result of that request, we performed the procedures detailed in the Auditor of State's Report for the period May 1, 2005 through December 31, 2005.

The County Attorney's letter also stated the Jasper County Sheriff's Office had initiated a criminal investigation and had served a search warrant on the home of the Mayor, City Clerk and the son of the City Clerk where all current City documents were maintained. The County Attorney's letter stated City records and computers were seized from the home.

The records obtained as a result of the search warrant included some Council minutes, checkbook registers, various bank statements and some miscellaneous invoices. Also, a hand written note signed by Kevin Beck was obtained which contained the following statement: "No one knew about this but me. No one did anything but me. No one took any money. ... I didn't mean to hurt anyone - sorry. I was really going to pay it all back." The note has been included in **Appendix 2**.

Detailed Findings

The procedures we performed identified of \$45,261.68 of improper disbursements from May 1, 2005 through December 31, 2005. We were unable to determine whether additional amounts may have been misappropriated from sewer collections during this time period because adequate billing and receipt records were not available from the City. All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

IMPROPER DISBURSEMENTS

Kevin Beck was able to issue checks and make cash withdrawals from the sewer checking account and the City’s main checking account with no independent review or approval. In addition, Mr. Beck was able to transfer and withdraw funds from the sewer savings account. Supporting documentation was not available for any of the disbursements from the City’s main checking and sewer checking accounts. In addition, the few disbursement listings provided to the City Council at its monthly meetings did not include all checks written from the 2 checking accounts.

As a result, we discussed all disbursements that were unusual in nature with 2 City Council Members to determine if they were appropriate. We also confirmed disbursements with vendors when possible. According to the 2 Council Members, payments for City goods and services should be made directly to the vendors with a check rather than reimbursing a City official for payments they made to the vendors. Also, the Council Members stated no City business should be conducted in cash.

Mr. Beck began writing checks to himself from the sewer checking account on June 1, 2005. Mr. Beck continued to write checks to himself with increasing frequency through September 20, 2005. Beginning in September 2005, he started to withdraw cash from the sewer checking and savings accounts. The cash withdrawals continued through November 3, 2005. The sewer checking and savings accounts were closed by Ms. McClelland on November 4, 2005. Per the November 14, 2005 City Council meeting minutes, Ms. McClelland reported she had closed the sewer checking and savings accounts and transferred the balances to other city accounts. At the meeting, Ms. McClelland stated she spoke with the FDIC, 2 investment advisors at the bank and a bank officer about Reasnor’s bank accounts. She was told Reasnor’s money was not invested properly and was not earning the interest it should. The City Clerk indicated the Council had previously given her “permission” to do what was best for the City. As a result, the 2 sewer accounts were closed. It is not clear why the City Clerk did not question or express concerns to the City Council about the low balances in the sewer accounts.

After the closing of the sewer accounts, Mr. Beck began writing checks to himself from the City’s main checking and savings accounts. The first check he wrote from the City’s main checking account was on November 21, 2005.

Table 1 shows the reduction in the City’s sewer account balances as a result of the improper disbursements and cash withdrawals from May 31, 2005, which is near the date Mr. Beck assumed the Sewer Clerk duties, to November 4, 2005, when these accounts were closed by the City Clerk.

Bank Account	Balance at or near May 31, 2005	Balance at November 4, 2005	Account Balance Transferred to
Sewer Checking Account	\$ 22,242.29	730.74	City Main Checking
Sewer Savings Account	* 11,665.95	8,500.00	City Savings
Total of Sewer Funds	\$ 33,908.24	9,230.74	

* - Balance is as of May 25, 2005.

During this 5 month period, the sewer funds decreased by approximately 73%. On December 16, 2005, the City’s main checking and savings accounts were closed and the balances totaling \$136,876.37 were transferred to a new City account.

Table 2 summarizes the total improper disbursements to Kevin Beck and cash withdrawals by account.

Table 2

Bank Account	# of Checks	# of Cash Withdrawals	Time Period	Amount
Sewer Checking Account	31	22	5/15/05 – 11/3/05	\$26,865.67
Sewer Savings Account	-	2	11/2/05 – 11/3/05	3,175.85
City Main Checking Account	19	-	5/13/05– 11/29/05	12,065.75
City Savings Account	2	-	12/13/2005	2,356.00
Total	52	24		\$44,463.27

Wages for Sewer Duties

As the Sewer Clerk, Mr. Beck was to receive a salary of \$100.00 per month to be paid from the sewer checking account. The net amount after withholdings was to be \$89.00 per month. Since Mr. Beck worked for the City from June 2005 to December 2005, he should have received wages for no more than 7 months. There were no checks written to Kevin Beck in the amount of \$89. The checks identified for Sewer Clerk wages were actually written to Jan McClelland and she endorsed the first 2 checks over to Mr. Beck. The last check was endorsed by Ms. McClelland.

The 3 checks written to Jan McClelland for Sewer Clerk wages total \$356.00 and are summarized in **Table 3**. These payments appear to be for the months of September 2005 through December 2005. There does not appear to be any payroll checks for Sewer Clerk duties for the months of June, July and August. The checks to Ms. McClelland for Sewer Clerk wages have not been included in **Exhibit A**. The unpaid gross wages of \$300.00 have been included as an offset on **Exhibit A**.

Table 3

Check Number	Date	Amount	Explanation on Check	Time Period of Wages
6643	10/24/2005	\$178.00	2 mos. Sewer Check	September and October
6651	11/11/2005	89.00	Nov. Sewer Check	November
6681	12/8/2005	89.00	Sewer Clerk	December
Total		\$356.00		

Checks Issued to Mr. Beck

There were 52 checks totaling \$32,172.42 written to Mr. Beck from the sewer checking account, the City’s main checking account and the City savings account. The payments from the sewer checking account total \$17,750.67 and are listed in **Exhibit B**. The payments from the City’s main checking account and savings account total \$14,421.75 and are listed in **Exhibit C**. The payments to Mr. Beck were not authorized according to the minutes of the City Council meetings and discussions with Council Members. These payments to Mr. Beck are included in **Exhibit A**.

The 31 checks listed in **Exhibit B** were written to Kevin Beck as the payee and were also signed by Kevin Beck. There was no documentation to support any of these payments. Examples of the checks written to Mr. Beck from the sewer checking account are included in **Appendix 3**. The memo portion of 3 of these checks indicated they were for a computer, software and hardware. The remaining checks did not include an explanation in the check memo area.

Check number 1724 for \$44.32 was dated May 15, 2005 and was signed by Kevin Beck. This was prior to the date Mr. Beck took over the Sewer Clerk duties. In addition, Mr. Beck wrote himself 2 checks dated June 1, 2005 for \$88.65 and \$88.75, respectively. The purpose of these checks is not included in the memo portion of the checks. Since there is no documentation to support the payments and they were not approved by the City Council, we consider these to be improper. Other than the first 4 checks, the checks were in even dollar amounts, ranging from \$400.00 to \$1,200.00.

The first 2 checks included in **Exhibit C** were written to Kevin Beck in May, prior to the time he took over the Sewer Clerk duties on June 1. These checks were signed by Jan and Richard McClelland and were for \$135.00 and \$88.75, respectively. There was no documentation to support these payments to Mr. Beck, nor were these checks approved by the City Council. The memo portion of check number 6538 indicated the check was for "Computer Work 27 hours @ \$5 per hour", while check number 6543 included "Training fee for Sewer Dept.". Since there is no documentation to support these payments and they were not approved by the City Council, we consider these to be improper.

The other checks listed on **Exhibit C** were written to Kevin Beck as the payee and signed by Jan McClelland. The signatures on these checks appear to be Ms. McClelland's signature. Upon close examination, the signatures appear to be photocopies of the City Clerk's signature. In the affidavit signed by Mr. Beck, he admitted to using a photocopy of Jan McClelland's signature. The check numbers written to Kevin Beck and signed only by Jan McClelland are out of sequence with the other checks written during November 2005. The checks written to Mr. Beck begin with 68XX, while other checks written from this account during this time period begin with 66XX. The checks written to Mr. Beck were from the back of the City's check book. Examples of the checks written to Mr. Beck from the City's main checking account are included in **Appendix 4**. These checks were endorsed by Mr. Beck. There were 19 checks written to Kevin Beck from this account, with the last one on December 16, 2005 for \$2,000. Several of these checks were for \$356.00 and included "4 months Sewer Advance" in the memo portion of the check. The payments from the City's main checking account total \$12,065.75.

Mr. Beck received 1 check from the City's main checking account that we have not included as improper. The check was number 6560, dated June 10, 2005, for "volunteer clean-up." Several other individuals received payments for clean-up work, including the Mayor and City Clerk. The total paid for the clean-up was approved by the City Council at the June 13, 2005 meeting.

Exhibit C also includes 2 checks written from the City's savings account totaling \$2,356.00. These were counter checks that appear to be signed by Jan McClelland and were both dated December 13, 2005. The signature of Jan McClelland appears to be a photocopy of her signature and not an original signature. One check was for \$356.00 and indicated it was for "Database Design" in the memo portion of the check. The other check was for \$2,000.00 and had "for Kevin's Checking Acct. #" in the memo area. Copies of these checks are included in **Appendix 5**.

Cash Withdrawals

According to the City Council Members we interviewed, no one was authorized to make cash withdrawals from the City's accounts. All of the City's obligations were to be paid by check. **Exhibit D** summarizes the \$12,290.85 of cash withdrawals made from the City's sewer accounts. There were 22 cash withdrawals made from the sewer checking account and 2 cash withdrawals from the sewer savings account between September 27, 2005 and November 3, 2005. All of the cash withdrawal slips were signed by Mr. Beck. There was no other documentation to support the withdrawal of the cash. Selected examples of the bank documents for the cash withdrawals are included in **Appendix 6**. The cash withdrawals were not authorized and are considered to be improper. The total of \$12,290.85 is included in **Exhibit A**.

Payments to Vendors and Other Individuals

Since supporting documentation was not available for the City's disbursements, we reviewed selected vendor payments with 2 Council Members. When possible, we also obtained documentation from the vendors. When minutes were available, we compared payments to the listing of payments presented to and approved by the City Council.

Based on the procedures we performed, we identified 6 improper disbursements to vendors or individuals from the sewer checking account. The disbursements include 5 checks which were all signed by Kevin Beck and an electronic disbursement. The improper payments total \$756.46 and are detailed in **Exhibit E**. The improper payments to vendors have been included in **Exhibit A**.

The improper payments from the sewer checking account include checks issued to Country Inn and Suites in Grinnell for a scouting trip, Hy-Vee in Johnston for unidentified products and Wal-Mart for replacement headlights for a car. Other improper payments were to Matthew Johnson for "services" and to Tracie Hodges for payroll. The Council Members we spoke with knew of no reason why these individuals would be receiving a payment from the City.

The improper electronic disbursement from the sewer checking account was made on September 21, 2005. On that date, \$49.95 was paid to BuyRIGHT, a vendor offering prepaid MasterCard credit cards. According to a BuyRIGHT representative, \$29.95 of the amount paid was to activate a prepaid MasterCard for Kevin J. Beck of Reasnor, IA. The remaining \$20.00 was the initial load placed on the card. The representative also stated the MasterCard has never been used and no additional funds have been added to the balance available.

In addition, on December 9, 2005, an improper electronic disbursement of \$27.95 was made to CCBill.com from the City's main checking account. According to documentation we subpoenaed from CCBill.com, the transaction was initiated by Kevin Beck and the payment was 1 month's subscription to a website containing adult content and sexually oriented material. The \$27.95 payment has been included in **Exhibit A**.

Payments to the City Clerk, Mayor and Council Members

Ms. McClelland, as the City Clerk, was paid a salary of \$75 per week or \$300 per month through July 2005. Her net check after withholdings was \$288.11. As documented in the July 18, 2005 City Council minutes, the City Clerk informed the Council she was working at least 50 to 60 hours per week "to get all the files and information brought up to the State Code of Iowa requirements." At this meeting, the Council passed a resolution raising the City Clerk's salary to \$250 per week or \$1,000 per month, effective August 1, 2005. The City Clerk's new net monthly check was \$929.45. The Clerk also received reimbursement for travel expenses while on City business and purchases of supplies.

The Mayor and Council Members are paid once per year. The Mayor receives \$375.00 per year, while the Council Members receive \$10 per regular meeting attended and \$5 per special meeting. The Mayor also received payments for mowing and supplies. **Exhibit F** summarizes the total paid to the City Clerk, Mayor and Council Members during the time period May 1, 2005 to December 31, 2005. The **Exhibit** does not include the Sewer Clerk wages paid to Ms. McClelland.

While there was no documentation to support the amount paid to the City Clerk, the Mayor and the Council Members, the payments appear to be reasonable and are considered appropriate. These payments are not included in **Exhibit A**.

At the September 12, 2005 Council meeting, the Council discussed that the City Clerk was "getting paid in advance". Ms. McClelland stated it had been this way since she started in August 2004. For example, the check she receives at the beginning of each month is actually for work to be performed during that month. The Council did not think this was an "important issue as the work is being done." The Council then asked the City Attorney to look into this matter. It was again discussed at the November 14 Council meeting where it was stated the "Code of Iowa advises that a Council may decide when, how and how much to pay any employee."

Overdraft Charges

As a result of the improper cash withdrawals and disbursements, the City incurred 2 overdraft charges. The overdraft charges occurred on October 20, 2005 and October 21, 2005 for a total of \$14.00. These charges have been included in **Exhibit A**.

Repayments to the City

While reviewing bank documentation supporting deposits to the City's accounts, we identified 3 deposits totaling \$4,520.00 that appear to be an attempt by Mr. Beck to return funds to the City. The deposits are summarized in **Table 5**. Two of these deposits totaling \$4,500.00 were made in September 2005. The deposit of \$2,000 made on September 19, 2005 consisted of a check payable to Kevin J. Beck from Principal Financial Group in the amount of \$4,156.71. According to the deposit slip, \$2,156.71 was withheld in cash and \$2,000.00 was deposited to the City's sewer checking account. The reason for the payment to Mr. Beck from Principal Financial Group is not known, but it does not appear to be related to City business. Copies of the documents for this deposit are included in **Appendix 7**.

A cash deposit of \$2,500.00 was made on September 22, 2005. The source of the cash is not known, but the deposit slip is signed by Kevin Beck. A copy of the deposit slip is included in **Appendix 8**.

The third deposit consisted of a \$178.00 check payable to Jan McClelland from the City's main checking account. As noted earlier, this was a check for 2 month's wages for the Sewer Clerk which was paid to the City Clerk. The check was endorsed over to Kevin Beck by Ms. McClelland. According to the deposit slip, \$20.00 was deposited to the sewer checking account and \$158.00 was withheld in cash. A copy of the deposit slip and related check are included in **Appendix 9**.

Deposit Date	Signature on Deposit	Composition of Deposit	Gross Deposit	Cash Withheld	Amount Deposited
9/19/2005	Kevin Beck	Check	\$4,156.71	2,156.71	2,000.00
9/22/2005	Kevin Beck	Cash	2,500.00	0.00	2,500.00
10/24/2005	Kevin Beck	Check	178.00	158.00	20.00
	Total		\$6,834.71	2,314.71	4,520.00

These deposits have been included in **Exhibit A** as an offset to the amount of improper disbursements and cash withdrawals.

Recommended Control Procedures

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

- A. Segregation of Duties – An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The former City Clerk had control over each of the following areas for the City's operations while the Sewer Clerk had control over each of these areas for the Sewer Department:
- (1) Receipts – collecting, depositing and posting.
 - (2) Disbursements – check preparation and signature, distribution and posting.
 - (3) Financial Reporting – receipt of the bank statement, bank to book reconciliations, preparation and approval.

Bank reconciliations were not performed monthly for any of the bank accounts.

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

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

- B. Financial Accounting Records – Very limited financial records were maintained by the City for the period of our investigation. Receipts and disbursements were not journalized and disbursements were not approved and documented in the minutes of each Council meeting. Some City and all Sewer Department checks had only one signature and disbursements were not supported by invoices or other appropriate documentation.

Specifically, a number of disbursements paid to the former Sewer Clerk were not supported by invoices or other documentation. Also, there was no documentation to support the annual payments to the Mayor and Council Members for attendance at the Council meetings.

In addition, quarterly financial reports for the Sewer Department were not prepared and presented at the City Council meetings, as required in the job duties for the Sewer Clerk.

Recommendation – The City should establish formal accounting records to properly account for the City's receipts and disbursements. All disbursements should be approved prior to payment and documented in the minutes. All payments should be supported by invoices or other appropriate documentation

All checks should be prepared and signed by the City Clerk and reviewed and countersigned by the Treasurer, Mayor or a Council Member. The review should include comparing invoices and supporting documentation to the check.

In addition, monthly city financial reports and quarterly sewer reports should be completed and presented to the City Council.

- C. Reconciliation of Sewer Billings – We are unable to determine if sewer collections were properly deposited. There was no documentation collections were reconciled to customer accounts.

Recommendation – Procedures should be established to reconcile sewer billings, collections and delinquencies for each billing period. The City Council or an independent person designated by the City Council should review the reconciliations and monitor delinquencies.

- D. Minutes – City Council meeting minutes did not always contain a detailed listing of individual bills approved for payment.

Recommendation – City Council meeting minutes should always contain a detailed listing of individual bills approved during the meeting.

- E. Blank Checks – Blank checks were not kept in a secure location to prevent access by unauthorized individuals.

Recommendation – Blank checks should be locked in a secure place to prevent access by unauthorized individuals.

- F. Prepayment of Wages - Wages for City employees are paid at the beginning of each month for that month. For example, the wages paid on June 1 would be for the month of June. This results in wages being paid to employees before the services have been performed and, therefore, earned. This, in effect, is extending credit to City employees which is not a good business practice.

Recommendation – The City should not make salary payments in advance of wages being earned.

City of Reasnor

Exhibits

Exhibit AReport on Special Investigation of the
City of ReasnorSummary of Findings
For the period May 1, 2005 through December 31, 2005

Description	Exhibit / Table / Page Number	Amount	
Payments to Mr. Beck:			
Sewer checking account	Exhibit B	\$ 17,750.67	
City main checking account	Exhibit C	12,065.75	
City savings account	Exhibit C	<u>2,356.00</u>	
Total payments to Mr. Beck			\$ 32,172.42
Cash withdrawals made by Mr. Beck:			
Sewer checking account	Exhibit D	9,115.00	
Sewer savings account	Exhibit D	<u>3,175.85</u>	
Total cash withdrawals			12,290.85
Payments to vendors:			
Sewer checking account	Exhibit E	756.46	
City main checking account	Page 10	<u>27.95</u>	784.41
Overdraft charges	Page 11		<u>14.00</u>
Total improper disbursements			\$ 45,261.68
Less: Repayments made by Mr. Beck	Table 5, page 11	(4,520.00)	
Wages not paid for Sewer Clerk	Page 8	<u>(300.00)</u>	
			(4,820.00)
Net Total			<u>\$ 40,441.68</u>

Report on Special Investigation of the
City of Reasnor

Improper Payments to Kevin Beck from the Sewer Checking Account
For the period May 1, 2005 through December 31, 2005

Check #	Check Date	Payee	Memo on Check	Amount	Check Signer
1724	05/15/05	Kevin Beck	<i>None</i>	\$ 44.32	KB
1725	06/01/05	Kevin Beck	<i>None</i>	88.65	KB
1727	06/01/05	Kevin J Beck	<i>None</i>	88.75	KB
1758	07/01/05	Kevin J Beck	Software	68.95	KB
1759	07/01/05	Kevin J Beck	Computer	900.00	KB
1760	07/11/05	Kevin J Beck	<i>None</i>	480.00	KB
1761	07/12/05	Kevin J Beck	<i>None</i>	640.00	KB
1762	07/18/05	Kevin J Beck	<i>None</i>	700.00	KB
1763	07/20/05	Kevin J Beck	<i>None</i>	800.00	KB
1764	07/23/05	Kevin J Beck	<i>None</i>	650.00	KB
1765	07/20/05	Kevin J Beck	<i>None</i>	700.00	KB
1766	07/29/05	Kevin J Beck	<i>None</i>	500.00	KB
1768	08/01/05	Kevin J Beck	<i>None</i>	800.00	KB
1769	08/02/05	Kevin J Beck	<i>None</i>	500.00	KB
1770	08/09/05	Kevin J Beck	<i>None</i>	600.00	KB
1772	08/12/05	Kevin J Beck	<i>None</i>	900.00	KB
1773	08/12/05	Kevin J Beck	<i>None</i>	540.00	KB
1774	08/15/05	Kevin J Beck	<i>None</i>	500.00	KB
1775	08/16/05	Kevin J Beck	<i>None</i>	650.00	KB
1776	08/15/05	Kevin J Beck	<i>None</i>	750.00	KB
1777	08/15/05	Kevin J Beck	<i>None</i>	600.00	KB
1778	08/26/05	Kevin J Beck	<i>None</i>	1,200.00	KB
1779	08/31/05	Kevin J Beck	<i>None</i>	600.00	KB
1781	09/05/05	Kevin J Beck	<i>None</i>	600.00	KB
1782	09/12/05	Kevin J Beck	<i>None</i>	600.00	KB
1783	09/09/05	Kevin J Beck	<i>None</i>	600.00	KB
1787	09/13/05	Kevin J Beck	<i>None</i>	400.00	KB
1788	09/15/05	Kevin J Beck	<i>None</i>	400.00	KB
1789	09/15/05	Kevin J Beck	Computer Software/Hardware	500.00	KB
1790	09/18/05	Kevin J Beck	<i>None</i>	550.00	KB
1791	09/20/05	Kevin J Beck	<i>None</i>	800.00	KB
Total				<u><u>\$ 17,750.67</u></u>	

KB - Kevin Beck

Report on Special Investigation of the
City of Reasnor

Improper Payments to Kevin Beck from the City's Main Checking and Savings Accounts
For the period May 1, 2005 through December 31, 2005

Check #	Check Date	Payee	Memo on Check	Amount	Check Signer
Checking Account:					
6538	05/13/05	Kevin Beck	Computer Work 27 hrs @ \$5 per hour	\$ 135.00	JM&RM
6543	05/24/05	Kevin Beck	Training fee for Sewer Dept.	88.75	JM&RM
6819	11/22/05	Kevin J. Beck	4 Months Sewer Advance	356.00	JM ##
6820	11/21/05	Kevin J. Beck	4 mo. Sewer check	356.00	JM ##
6821	11/21/05	Kevin J. Beck	Advance	356.00	JM ##
6823	11/23/05	Kevin J. Beck	4 Months Sewer Advance	356.00	JM ##
6824	11/23/05	Kevin J. Beck	4 Months Sewer Advance	356.00	JM ##
6825	12/04/05	Kevin J. Beck	<i>Appears to be a SS #</i>	565.00	JM ##
6826	11/26/05	Kevin Beck	<i>None</i>	356.00	JM ##
6827	11/26/05	Kevin Beck	4 Months Sewer Advance	356.00	JM ##
6837	12/06/05	Kevin Beck	<i>None</i>	1,300.00	JM ##
6838	12/07/05	Kevin J. Beck	<i>None</i>	2,500.00	JM ##
6839	12/16/05	Kevin J. Beck	<i>None</i>	2,000.00	JM ##
6849	12/02/05	Kevin J. Beck	<i>None</i>	750.00	JM ##
6850	12/02/05	Kevin J. Beck	<i>None</i>	400.00	JM ##
6851	12/01/05	Kevin Beck	<i>None</i>	465.00	JM ##
6879	11/28/05	Kevin Beck	<i>None</i>	485.00	JM ##
6880	11/20/05	Kevin J. Beck	<i>None</i>	400.00	JM ##
6881	11/29/05	Kevin J. Beck	Database Construction	485.00	JM ##
		Total from checking		<u>12,065.75</u>	
Savings Account:					
Counter Check	12/13/05	Kevin Beck	Database Construction	356.00	JM ##
Counter Check	12/13/05	Kevin Beck	For Kevin's Checking Account #	2,000.00	JM ##
		Total from savings		<u>2,356.00</u>	
		Total		<u>\$ 14,421.75</u>	

JM - Jan McClelland

RM - Richard McClelland

- Photocopy of Jan McClelland's signature was used.

Report on Special Investigation of the
City of Reasnor

Improper Cash Withdrawals by Kevin Beck
For the period May 1, 200 through December 31, 2005

Date	Name on Withdrawal Slip	Amount	Account
09/27/05	Kevin Beck	\$ 700.00	Sewer checking
09/28/05	Kevin Beck	600.00	Sewer checking
09/29/05	Kevin Beck	600.00	Sewer checking
09/30/05	Kevin Beck	600.00	Sewer checking
10/03/05	Kevin Beck	500.00	Sewer checking
10/03/05	Kevin Beck	600.00	Sewer checking
10/03/05	Kevin Beck	600.00	Sewer checking
10/05/05	Kevin Beck	500.00	Sewer checking
10/06/05	Kevin Beck	500.00	Sewer checking
10/07/05	Kevin Beck	400.00	Sewer checking
10/11/05	Kevin Beck	400.00	Sewer checking
10/11/05	Kevin Beck	400.00	Sewer checking
10/13/05	Kevin Beck	500.00	Sewer checking
10/14/05	Kevin Beck	500.00	Sewer checking
10/28/05	Kevin Beck	200.00	Sewer checking
10/31/05	Kevin Beck	20.00	Sewer checking
10/31/05	Kevin Beck	70.00	Sewer checking
10/31/05	Kevin Beck	100.00	Sewer checking
10/31/05	Kevin Beck	100.00	Sewer checking
11/01/05	Kevin Beck	160.00	Sewer checking
11/02/05	Kevin Beck	65.00	Sewer checking
11/02/05	Kevin Beck	1,000.00	Sewer checking
	Total from checking	<u>9,115.00</u>	
11/02/05	Kevin Beck	1,675.85	Sewer savings
11/03/05	Kevin Beck	1,500.00	Sewer savings
	Total from savings	<u>3,175.85</u>	
	Total	<u>\$ 12,290.85</u>	

Report on Special Investigation of the
City of Reasnor

Improper Payments to Vendors from the Sewer Checking Account
For the period May 1, 2005 through December 31, 2005

Disbursements

Check #	Check Date	Payee	Memo on Check	Amount
1728	06/15/05	Matthew Johnson	Services	\$ 355.00
1750	06/29/05	Tracie Hodges	Payroll	88.75
1767	07/31/05	Wal Mart	<i>None</i>	61.10
1780	09/03/05	Hy-Vee		72.06
1784	09/10/05	Country Inn & Suites	Hotel for scouting trip	129.60
N/A*	09/21/05	BuyRIGHT	<i>None</i>	<u>49.95</u>
			Total	<u><u>\$ 756.46</u></u>

KB - Kevin Beck

* Electronic disbursement

Additional Explanation	Check Signer
	KB
	KB
<i>Per Wal Mart receipt - purchased a bottle of Mt. Dew and twin pack of headlights for a car. Cost of merchandise was \$41.10, check was for \$61.10 - received \$20 in cash.</i>	KB
<i>Per Johnston HyVee - entire amount was spent on products. Can't determine what was purchased-too long after purchase.</i>	KB
	<i>No signature on check</i>
<i>Online purchase of a prepaid credit card.</i>	<i>None</i>

Exhibit F

Report on Special Investigation of the
City of Reasnor

Payments to the City Clerk, Mayor and Council Members
For the period May 1, 2005 through December 31, 2005

Check #	Check Date	Payee	Memo on Check	Amount	Check Signer	Explanation
6537	05/06/05	Jan McClelland	April Clerk's Wage	\$ 288.11	JM & RM	Wages for May
6549	06/04/05	Jan McClelland	Clerk Wage	288.11	JM & RM	Wages for June
6565	06/10/05	Jan McClelland	Volunteer Cleanup- pd hours	280.00	JM & RM	
6576	06/29/05	Jan McClelland	June Check	288.11	JM	Wages for July
6586	07/10/05	Jan McClelland	Gas & Meals - Training	200.00	JM & RM	
6591	08/08/05	Jan McClelland	Monthly Clerk wage	929.45	JM & RM	Wages for August
6606	08/12/05	Jan McClelland	Printer paper - Walmart	36.00	JM & RM	
6608	08/29/05	Jan McClelland	None	929.45	JM	Wages for September
6614	09/22/05	Jan McClelland	Dyan Fog plus July-Aug-Sept mileage	291.12	JM & RM	
6638	10/12/05	Jan McClelland	Oct wage	929.45	JM & RM	Wages for October
6642	10/21/05	Jan McClelland	Mileage 935 mi x .40	373.20	JM & RM	
6647	10/31/05	Jan McClelland	None	929.45	JM	Wages for November
6663	11/25/05	Jan McClelland	Mileage	193.60	JM & RM	
6680	12/08/05	Jan McClelland	None	929.45	JM & RM	Wages for December
			Subtotal - City Clerk	<u>6,885.50</u>		
6536	05/06/05	Dick McClelland	None	75.00	JM & RM	mowing
6557	06/06/05	Dick McClelland	Clipped Lawn	75.00	JM & RM	
6559	06/06/05	Dick McClelland	Work for Depot Days Banners	93.08	JM & RM	
6564	06/10/05	Dick McClelland	Volunteer Cleanup & Mileage - pd hours	283.00	JM & RM	
6575	06/24/05	Dick McClelland	ink cartridge	123.62	JM & RM	
6597	08/12/05	Dick McClelland	Mowing June & July	150.00	JM & RM	
6616	09/21/05	Dick McClelland	Mowing - August	55.00	JM & RM	
6673	12/12/05	Richard McClelland	2005 Mayor Wage	375.00	JM & RM	
			Subtotal - Mayor	<u>1,229.70</u>		
7003	12/17/05	Frank Altermeier	Annual Pay	130.00	JM & FA	Council Member/ City Treasurer
6675	12/12/05	Richard Grimes	10 reg 3 Spec Mtgs	115.00	JM & RM	Council Member
6678	12/12/05	Cliff Vos	10 reg 2 Spec Mtgs	110.00	JM & RM	Council Member
6676	12/12/05	Scott Jones	10 reg 2 Spec Mtgs	110.00	JM & RM	Council Member
* 6677	12/12/05	Dennis Nolan	10 reg 2 Spec Mtgs	<u>110.00</u>	JM & RM	Council Member
			Total	<u>\$8,690.20</u>		

JM - Jan McClelland
RM - Richard McClelland
FA - Frank Altermeier

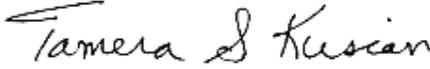
* - Check 6677 had not cleared the bank as of 12/31/05.

Report on Special Investigation of the
City of Reasnor

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Marc D. Johnson, Staff Auditor
Tracy Haronik, Assistant Auditor


Tamera S. Kusian, CPA
Deputy Auditor of State

City of Reasnor

Appendix

Report on Special Investigation of the
City of Reasnor

Affidavit and Proposal Presented to City Council Members

**Affidavit from Kevin Beck
December 00, 2005**

RE: The matter of \$25,186.00 removed illegally from the City of Reasnor Checking Accounts; Sewer Account # [REDACTED], Sewer Savings Account # [REDACTED], and City Account # [REDACTED] by Kevin James Beck, 305 3rd Street, Reasnor, Iowa, 50232.

Sewer account: Counter Withdrawals, \$5,400.00 Checks, \$5,000.00
City Account: Checks \$12,786.00 Sewer Savings: \$2,000.00
Final Total: \$25,186.00

Interest on Sewer Account: \$37.20
Interest on City Account: \$26.65

Kevin repaid to Sewer Account: \$4,500.00
Computer purchase paid to Kevin: \$1,000.00
Software, CD burner, CD's: \$485.00
Sewer Clerk Check not issued: \$267.00

Total owed City of Reasnor: \$18,470.85
36 months of Sewer Clerk Check to be paid to City 3,204.00
Final total owed: \$15,266.85

I, Kevin James Beck, have waived my right to an attorney in this matter and have waived my right to remain silent. I wish to make a statement before the Council, and I fully understand that I am admitting that I did embezzle money from the City of Reasnor bank accounts, and that part of this money was removed by photo copying the signature of the City Clerk.

I am admitting my guilt in this matter and will make restitution to the City of Reasnor in the following manner:

- 1: There will be a thirty six (36) month note.
- 2: There will be \$424.10 due each month and received by garnishment of my paycheck, wherever I am employed. This may be one or more payments, and may include community service, should the Council find a need for community service.
- 4: Each month I will pay or my employer shall pay to the City Treasurer, Frank Altemeier, the full amount due, in any of the above stated combinations, and the Treasurer shall give a report to the Council in a closed session as to what has been paid, and what is left on the balance of the note.

Report on Special Investigation of the
City of Reasnor

Affidavit and Proposal Presented to City Council Members

5: In the 34th month of said contract, the Council shall compare what has been paid with what is yet to pay, and if there is reasonable doubt that the balance shall not be paid by the 36th month, the City will file charges against me for embezzlement of public funds; non payment of this contract.

6: I will agree to reside within the City of Reasnor until this obligation has been fulfilled, so as to reduce any risk to the City of nonpayment of this obligation.

7: Should I become disabled, I will continue to pay this obligation out of any disability checks I receive, and this will not cancel the obligation.

8: Should this obligation be paid off before the 36th month, I am free to change my place of residence.

9: When this obligation is paid, I will receive a document stating that I have made full restitution and my obligation is paid in full.

Kevin J. Beck

Subscribed and sworn to before me on _____, 2005, in the City of Reasnor, County of Jasper, State of Iowa.

My commission expires: _____.

Frank Altemeier, Notary

Notary public, State of Iowa, County of Jasper

Report on Special Investigation of the
City of Reasnor

Affidavit and Proposal Presented to City Council Members

REQUEST FOR GARNISHMENT (PERIODIC)

City of Reasnor
PO Box 68
Reasnor, Iowa 50232

For:

Kevin James Beck
305 3rd Street
Reasnor, Iowa 50232

The City of Reasnor has an unsatisfied bill now due of _____, and knows, be his own admission and agreement, that the Kevin J Beck, is indebted to the City for this amount.

The City knows or with good reason believes that Kevin Beck is obligated to the City for periodic payments and Kevin Beck is an agreement with this fact.

I declare the statements above are true to the best of my information, knowledge, and belief.

Date: _____

Janis McClelland, City Clerk

I, Kevin Beck agree with all statements in this document.

Kevin J. Beck

Subscribed and sworn to before me on _____, 2005, in the City of Reasnor, County of Jasper, and State of Iowa.

My commission expires: _____

Frank Altemeier, Notary

Notary public, State of Iowa, County of Jasper

Richard Grimes, Councilman

Scott Jones, Councilman

Frank Altemeier, Councilman

Dennis Nolin, Councilman

Clifford Vos, Councilman

Richard McClelland, Mayor

Report on Special Investigation of the
City of Reasnor

Note from Kevin Beck

No one knew about this but me ~~know~~ ^{no} one
did anything but me. No one took any money.
The needles + drug paraphenalia was
all mine. Matt, Mom, + Dick thought
I won the lottery - a couple scratch
off tickets.

I didn't mean to hurt
anyone - sorry. I was really
going to pay it all back.

Love you all!
Kevin Beck

Appendix 3

Report on Special Investigation of the
City of Reasnor

Copies of Checks Written to Kevin Beck from the Sewer Checking Account

Item #46
Account No.: [REDACTED] Check No.: 1762 Sequence No.: 4447824229
Amount: \$700.00 Routing No.: [REDACTED] Date: 07/18/2005
Front:

REASNOR SEWER REVENUE
PO BOX 88
REASNOR, IA 52532

DATE 7/18/05 1762
33-54730 9358

PAY TO THE ORDER OF KEVIN J BECK \$ 700. ⁰⁰
SEVEN HUNDRED & NO/100'S DOLLARS

usbank.com
00040 00524 0007 07/18/2005 0:08 USB
US BANK CK [REDACTED] H
FOR [REDACTED] #00000?0000#

Back:

ID Type: DL Non DL Other
State: IA ID # [REDACTED]
D.O.B. 8/23/75
Issue Date: 6/12/05 Alert
Exp. Date: 5/2/10
for 9/2005

Report on Special Investigation of the
City of Reasnor

Copies of Checks Written to Kevin Beck from the Sewer Checking Account

Item #61
Account No.: [REDACTED] Check No.: 1778 Sequence No.: 4446122127
Amount: \$1200.00 Routing No.: [REDACTED] Date: 08/26/2005
Front:

REASNOR SEWER REVENUE
PO BOX 68
REASNOR, IA 52232

DATE 8/26/2005 1778 33-54730 9256

PAY TO THE ORDER OF KEVIN J Beck \$ 1200.00

ONE THOUSAND TWO HUNDRED & NO/100'S DOLLARS

usbank.com 00225 09386 0009 08/26/2005 01:05 USB
US BANK CA [REDACTED] H

FOR Kevin Beck \$ 1200.00

0000 1778 [REDACTED] *0000 120000*

Back:

1699 882 10 2 08/26/05
000000000000 US BANK
0910000224 ST PAUL, MN
4446122127

Kevin Beck

Report on Special Investigation of the
City of Reasnor

Copies of Checks Written to Kevin Beck from the Sewer Checking Account

Item #75
Account No. [REDACTED] Check No.: 1759 Sequence No.: 4444949242
Amount: \$900.00 Routing No.: [REDACTED] Date: 07/05/2005

Front:

REASNOR SEWER REVENUE
PO BOX 66
REASNOR, IA 50232

1759
53-54730 9358

DATE 07/01/2005

PAY TO THE ORDER OF Kevin Beck \$ 900.⁰⁰

NINE HUNDRED & no/100'S DOLLARS

USbank
For the Bank Customer

FOR Compoter

00131 0756 0002 07/05/2005 11:32 USB
US BANK

#00001759# #000090000#

Back:

16465 373 00 1 37055895
00000002500002 US BANK
8910000224 ST PAUL, MN
4444949242

JUL 5 '05

913 69371

ID # Type
Exp Date 08-23-06
Issue Date 06-21-05
DOB 08-23-78

Kevin Beck

Report on Special Investigation of the
City of Reasnor

Copies of Checks Written to Kevin Beck from the Sewer Checking Account

Item #68
Account No. [REDACTED] Check No.: 1791 Sequence No.: 4442439961
Amount: \$800.00 Routing No.: [REDACTED] Date: 09/20/2005

Front:

REASNOR SEWER REVENUE
PO BOX 68
REASNOR, IA 50232

DATE 9/20/2005 1791
33-54/730 9356

PAY TO THE ORDER OF KEVIN J BECK \$ 800.00
EIGHT HUNDRED & 00/100 DOLLARS

usbank.com

00173 09356 0009 09/20/2005 10:45 USB
US BANK CK [REDACTED] H
Ch - p Beck \$800.00

FOR [REDACTED] #00001791# [REDACTED] #0000080000#

Back:

4442439961
09356 0009 09/20/2005
10:45 USB
US BANK CK [REDACTED] H
\$800.00

Ch Beck

Report on Special Investigation of the
City of Reasnor

Copies of Checks Written to Kevin Beck from the City's Main Checking Account

THIS CHECK IS DELIVERED IN CONNECTION WITH THE FOLLOWING ACCOUNT (S)		6823	
DATE	AMOUNT	33-54730 9336	
		CITY OF REASNOR REASNOR, IA 50232-0068	
		DATE <u>11-23-2005</u>	
		PAY TO THE ORDER OF <u>KEVIN J. BECK</u> \$ <u>356.00</u>	
		<u>THREE HUNDRED FIFTY SIX & NO/100'S</u> DOLLARS	
		usbank 00098 02435 0009 11252005 USE CK # <u>John A. Beck</u> \$356.00	
		FOR <u>Amber's Service Advance</u>	
		#00006823# #0000035600#	

The following security features (and others not listed) assure industry standard security features:

- Document appearance is altered.
- Document is screen on back of check.
- Document is signed on front of check.
- Color of ink or spots appear with absence of product.
- Product form.

NOV 25 05
16488 182 08 2 11252005
00000682330009 US BANK/NA
189189982 ST PAUL, MN

9059 55663

DO NOT SIGN / WRITE / STAMP BELOW THIS LINE FOR FINANCIAL INSTITUTION USE ONLY

ENDORSE HERE:
X
John A. Beck

Report on Special Investigation of the
City of Reasnor

Copies of Checks Written to Kevin Beck from the City Savings Account

CITY OF REASNOR
PO BOX 68
REASNOR, IA 50232
(515) 521-7062

(641) 793-2974

33-71730
BRANCH 291

Pay to the order of KEVIN J BECK \$ 356.00
THREE HUNDRED FIFTY SIX AND 00/100'S

DATE 12/13/2005

Mercantile Bank of
Western Iowa
112 W. 2nd St. South
Newton, Ia 50208

MERCANTILE BANK

PLATINUM MONEY MARKET

12/13/2005 02:30 USB

TR LN 02400019647

0240000006

0240000006

FOR DATARASE DESIGN

⑆073000079⑆

Security features
Please see back.

FEDERAL RESERVE BANK REGULATION CC
Security features on this document include a watermark, a signature line and security screen.
Absence of these features may indicate a counterfeit.

[Faint handwritten scribbles]

DO NOT SIGN / WRITE STAMP OR WRITE ON THIS LINE
FOR GETTING MONEY

ENDORSE

X *Kevin Beck*

⑆073000079⑆

12/13/05

16449 178 1B 2 12132005
00000024350006 US BANKNA
00910000224 ST PAUL, MN
⑆073000079⑆

Report on Special Investigation of the
City of Reasnor

Copies of Checks Written to Kevin Beck from the City Savings Account

CITY OF REASNOR
PO BOX 68
REASNOR IA 50232
TEC # (541) 521-9062
Date 12/13/2005
33-71730
BRANCH 291

Pay to the order of KEVIN J BECK \$2000.00
~~Two THOUSAND & NO/100's~~

Mercantile Bank of
Western Iowa
112 W. 2nd St. South
Newtown, IA 50208
MERCANTILE BANK
PLATINUM MONEY MARKET

For KEVIN'S CHECKING ACCT #
⑆073000079⑆

Jan M. Challance

⑆0000200000⑆

FEDERAL RESERVE NOTE
Security Features on this note include:
- Watermark
- Security Line and Security Scram
- Absence of these features may indicate a
counterfeit note.

200512140464000004
4190024224819682 200000
20051212 8443 61003321
96471804100 121205 8817
ACCT 0000061150340
0042000 1117

US BANK ATM
121405 MN
ST. PAUL MN
>091000022<

DO NOT SIGN / WRITE / STAMP BELOW THIS LINE
FOR FINANCIAL INSTITUTION USE ONLY

ENDORSE !!
Kevin Beck

Appendix 6

Report on Special Investigation of the
City of Reasnor

Copies of Cash Withdrawal Slips

Item #10
Account No.: [REDACTED] Check No.: [REDACTED] Sequence No.: 4443824723
Amount: \$700.00 Routing No.: [REDACTED] Date: 09/27/2005
Front:

COUNTER WITHDRAWAL
usbank
First State Service Corporation

ACCOUNT TITLE: REASNOR SEWER
DATE: 09/27/2005
SIGNATURE REQUIRED: [Signature] DOLLARS
AMOUNT: \$ 700.00
ACCOUNT NUMBER: * [REDACTED]
00059 09356 0012 09/27/2005 12:01 USB
US BANK CK [REDACTED] H
\$700.00
⑈0000070000⑈

Back:

09 27 05
175RB37069
8-23-06
8-7-05
8-2-05
16-00 378 25 2 09272005
0000000000012 US BANKING
48910489224 ST PAUL MN
4443824723

Report on Special Investigation of the
City of Reasnor

Copies of Cash Withdrawal Slips

Item #18
Account No.: [REDACTED] Check No.: [REDACTED] Sequence No.: 4444846444
Amount: \$600.00 Routing No.: 56068052 Date: 10/03/2005

Front:

COUNTER WITHDRAWAL

usbank
For Your Service Commitment

ACCOUNT TITLE: *Reasnor, Sarah*
DATE: *10/03/2005*

SIX HUNDRED & 00/100 DOLLARS

SIGNATURE REQUIRED: *[Signature]* AMOUNT: \$ *600.00*

ACCOUNT NUMBER: [REDACTED]

00320 02435 0001 10/03/2005 10:47 USB
US BANK CK [REDACTED] H

\$600.00

⑈0000060000⑈

Back:

70-92-8
50-6-8
92-92-7

01-1-05

9011 19127

76271 184 MB 2 10032005
0000002435 0001 US BANKOM
0910000200 ST PAUL, MN

[REDACTED]

Report on Special Investigation of the
City of Reasnor

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Item #17
Account No.: [REDACTED] Check No.: [REDACTED] Sequence No.: 4445704331
Amount: \$500.00 Routing No.: 56068052 Date: 10/06/2005
Front:

COUNTER WITHDRAWAL
ACCOUNT TITLE: REISUR SEISE
AMOUNT: FIVE HUNDRED & NO/100'S DOLLARS
DATE: 10/06/2005
SIGNATURE REQUIRED: [Signature]
ACCOUNT NUMBER: * [REDACTED]
MICRODOT: 00155 09356 0009 \$ 500.00
US BANK CK 10/06/2005 09:07 USB
OFFICE 2005 SEIZURE \$500.00 H
[REDACTED] #0000050000#

ALL ITEMS ARE ACCEPTED SUBJECT TO OUR RIBES AND REGULATIONS APPLICABLE TO THE ACCOUNT

Back:

1000 100 2 100000
4445704331

Report on Special Investigation of the
City of Reasnor

Copies of Cash Withdrawal Slips

Item #23
Account No.: [REDACTED] Check No.: [REDACTED] Sequence No.: 4447396856
Amount: \$500.00 Routing No.: 56068052 Date: 10/14/2005
Front:

COUNTER WITHDRAWAL **usbank**
ACCOUNT TITLE: REASNOR SEWER SYSTEM DATE: 10/14/2005
FIVE HUNDRED + NO/100'S DOLLARS
SIGNATURE REQUIRED: [Signature] AMOUNT: 500.00
ACCOUNT NUMBER: * [REDACTED] \$
00226 00537 0004 10/14/2005 01:18 USB
US BANK CK [REDACTED] H
\$500.00
⑈0000050000⑈

Back:

ID Type: DL Non-DL Other
State: IA [REDACTED]
DOB: 8/23/1973
Issue Date: 8/1/2005
Exp. Date: 8/1/2008
69910

Report on Special Investigation of the
City of Reasnor

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Item #5
Account No. [REDACTED] Check No.: [REDACTED] Sequence No.: 4442159891
Amount: \$1000.00 Routing No.: 56068052 Date: 11/02/2005

Front:

COUNTER WITHDRAWAL
KCR
TREASURER SEWER SYSTEM
ACCOUNT TITLE
ONE THOUSAND & 00/100 DOLLARS
DATE 11-02-05

USbank
The Best Service Guaranteed

2006-1 (000)

ALL ITEMS ARE ACCEPTED SUBJECT TO OUR POLICY AND REGULATIONS APPLICABLE TO THE ACCOUNT.

SIGNATURE REQUIRED [Signature]
ACCOUNT NUMBER * [REDACTED] AMOUNT \$ 1000.00

00089 09356 0007 11/02/2005 10:58 USE
US BANK CK [REDACTED] H.
\$1,000.00
[REDACTED] *0000100000*

Back:

NOV - 2 05
11:25
24
T6440 178 1B 2 11/02/2005
0000093560007 US BANK
0910000221 ST PAUL, MN
4442159891

Report on Special Investigation of the
City of Reasnor

Copies of Cash Withdrawal Slips

ALL ITEMS ARE ACCEPTED SUB. TO OUR RULES AND REGULATIONS APPLICABLE TO THE ACCOUNT.

COUNTER WITHDRAWAL **usbank**
The Best Service Guarantee

ACCOUNT TITLE: REASNOR SEWER (MONEY MARKET)

AMOUNT: ONE THOUSAND FIVE HUNDRED DOLLARS

DATE: 11-03-05

SIGNATURE REQUIRED: Joe J. Beck

ACCOUNT NUMBER: [REDACTED]

AMOUNT: \$ 1500.00

00072 02435 0006 11/03/2005 10:20 USB
USB CK H [REDACTED] H

\$1,500.00

[REDACTED] ⑈0000150000⑈

2008 (803)

ID Type: DL Non-DL Other
State IA ID# [REDACTED]
D.O.B. 8/23/73
Issue Date: 8/1/05 1656 179-18 2 11032865
Exp. Date: 8/23/08 00072 02435 0006 US BANKING
0910000724 ST PAUL, MN

0100
1510

Report on Special Investigation of the
City of Reasnor

Copies of Cash Withdrawal Slips

ALL ITEMS ARE ACCEPTED BY... TO OUR RULES AND REGULATIONS APPLICABLE TO THE ACCOUNT.

COUNTER WITHDRAWAL

ACCOUNT TITLE City of Reasnor

DATE 11-2-05

AMOUNT 1675.85

SIGNATURE REQUIRED [Signature]

ACCOUNT NUMBER * [Redacted] \$ 1675.85

00086 09356 0007 11/02/2005 10:56 USB
USB CK H [Redacted] H
\$1,675.85

[Redacted] ⑈0000167585⑈

11/2-05

11/2 24

76440 178 1B 2 11022005
00002910032802 US BANK
0910000224 ST PAUL, MN
AA015040

Report on Special Investigation of the
City of Reasnor

Copies of September 19, 2005 Deposit Slip and Related Check

Item #1
Account No. [REDACTED] Check No.: [REDACTED] Sequence No.: 4441969958
Amount: \$2000.00 Routing No. [REDACTED] Date: 09/19/2005
Front:

usbank COUNTER DEPOSIT *KCP* *ea*
DATE 9-19-05 CASH
CHECK
CHECK OR TOTAL FROM 4156.71
OTHER \$'S
SUB TOTAL 4156.71
LESS CASH RECEIVED 2156.71
2000.00

ACCOUNT TITLE (PRINT) REASNOR SEWER REVENUE
SIGNATURE (PRINT) *[Signature]*
ACCOUNT NUMBER * [REDACTED]
00096 09356 0007 09/19/2005 11:18 USB
DEPOSIT [REDACTED] H
\$2,000.00
⑈0000200000⑈

Back:

SEP 19 2005
1332 178 18 2 09192005
644291582296 US BANK
99104424 ST PAUL, MN
6441000000

Report on Special Investigation of the
City of Reasnor

Copies of September 19, 2005 Deposit Slip and Related Check

Item #1
Account No.: [REDACTED] Check No.: [REDACTED] Sequence No.: 4441969960
Amount: \$4156.71 Routing No.: [REDACTED] Date: 09/19/2005
Front: VERIFY THE AUTHENTICITY OF THIS MULTITONE SECURITY DOCUMENT. CHECK BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM.

Principal Financial Group
Principal Life Insurance Company
Des Moines, IA 50392-0001
K 13200191
Date 09/15/2005
NO VALID AFTER 180 DAYS
Amount \$*****4,156.71*

Contract Number 4-31329 XXXXX1669

Pay To KEVIN J BECK
PO BOX 8
REASNOR, IA 50232-0008

FOUR THOUSAND ONE HUNDRED FIFTY-SIX AND 71/100
THE NORTHERN TRUST COMPANY, CHICAGO, IL 0710
PAYABLE THROUGH NORTHERN TRUST BANK/DUPAGE OAK BROOK, IL

By *Clifford*
Authorized Signature

030456200 5 0000415671

Back: THE ORIGINAL DOCUMENT HAS A WHITE REFLECTIVE WATERMARK ON THE BACK. HOLD AT AN ANGLE TO SEE THE MARK WHEN CHECKING THE ENDORSEMENTS.

9/19/05
Pay To: Reasnor State Amvns
9438 3118 651

1432 178 92 31 09192005
09455 18032896 US BANK
9919008224 ST PAUL, MN
4441969960

City of Reasnor

Report on Special Investigation of the
City of Reasnor

Copy of September 22, 2005 Deposit Slip

Item #6 [REDACTED]
Account No [REDACTED]
Amount: \$2500.00
Front:

Check No.: [REDACTED]
Routing No.: [REDACTED]
Sequence No.: 4442879713
Date: 09/22/2005

usbank **COUNTER DEPOSIT**
DATE 9-22-05
ACCOUNT TITLE (PRINT) REASNOR JEFFREY REYNOLDS
SIGN ABOVE FOR CASH RECEIVED _____ ACCOUNT NUMBER [REDACTED]
00090 09356 0003 09/22/2005 02:15 USB
DEPOSIT [REDACTED]
\$ 2,500.00 (F-1.2) (C-1.1)
⑈0000 250000⑈

CASH > 2500.00 (C-1.1)
CHECK []
CHECK OR TOTAL FROM OTHER SIDE .
SUB TOTAL > .
LESS CASH RECEIVED > (F-1.2)
2500.00

ALL ITEMS ARE ACCEPTED SUBJECT TO OUR RULES AND REGULATIONS APPLICABLE TO THE ACCOUNT. 2007 (003)

Back:

SEP 22 2005
4442879713

Report on Special Investigation of the
City of Reasnor

Copy of October 24, 2005 Deposit Slip and Related Check

Item #1
Account No. [REDACTED] Check No.: [REDACTED] Sequence No.: 4440116558
Amount: \$20.00 Routing No.: [REDACTED] Date: 10/24/2005
Front:

usbank COUNTER DEPOSIT
First Star Service Guaranteed

DATE 10-24-05

ACCOUNT NAME (PRINT) KEVIN BEAL
SIGN ABOVE FOR CASH RECEIVED [Signature]

ACCOUNT NUMBER * [REDACTED]

00093 02435 0006 10/24/2005 11:22 USB
DEPOSIT [REDACTED] H

CASH > [REDACTED]
CHECK [REDACTED]
CHECK OR TOTAL FROM OTHER SIDE > 178.00
SUB TOTAL > 158.00
LESS CASH RECEIVED > 20.00

ALL ITEMS ARE ACCEPTED SUBJECT TO OUR POLICIES AND REGULATIONS APPLICABLE TO THE ACCOUNT.

Back:

CHEQUES
DOLLARS
CENTS

4440116558
6600291582282 US BANKNA
10916668224 ST PAUL MN
6600291582282 US BANKNA
10916668224 ST PAUL MN

PAID
NO OTHER ENDORSEMENTS

