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NEWS RELEASE

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FOR RELEASE June 24, 2005

Auditor of State David A. Vaudt today released a report on a special investigation of the Regional Environmental Improvement Commission of Iowa County. The report covers the period July 1, 2001 through January 31, 2005. The special investigation was requested by the Director of the Commission as a result of concerns regarding large cash deposits to the Commission's bank account and amounts reported as deposits in transit.

Vaudt reported the special investigation identified fees collected at the landfill's gate were not deposited intact on a regular basis. Specifically, fees paid in cash were not deposited for several months at a time and were incorrectly reported in the Commission's monthly bank reconciliations as deposits in transit. The amounts reported as deposits in transit grew steadily over several months until cash deposits exceeding \$24,000 and \$33,000 were made to the Commission's bank account in February 2002 and December 2004, respectively. The Commission employee responsible for preparing and making deposits as well as preparing the monthly bank reconciliations resigned in January 2005. Vaudt also reported all recorded fees collected at the gate were eventually deposited to the Commission's bank account.

The former Commission employee stated the amounts reported as deposits in transit had been held in the safe at the landfill. However, the Director stated he had not observed any cash in the small safe. The former employee made a \$1,150 deposit to the Commission's bank account five days after her termination date. That deposit satisfied the remaining deposit in transit she reported on the December 31, 2004 bank reconciliation.

A number of internal control weaknesses were also identified. The report includes recommendations to strengthen the Commission's internal controls and overall operations, including proper segregation of duties and timely deposits of all collections.

Copies of the report have been filed with the Iowa 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 sit at <http://auditor.iowa.gov/specials/specials.htm>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
REGIONAL ENVIRONMENTAL IMPROVEMENT COMMISSION
OF IOWA COUNTY**

**FOR THE PERIOD
JULY 1, 2001 THROUGH JANUARY 31, 2005**

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Auditor of State's Report

To the Members of the Regional Environmental
Improvement Commission of Iowa County:

As a result of concerns identified by and at the request of the Director of the Regional Environmental Improvement Commission of Iowa County, we conducted a special investigation of the Regional Environmental Improvement Commission of Iowa County (the Commission). We have applied certain tests and procedures to selected financial transactions of the Commission for the period July 1, 2001 through January 31, 2005. Based on a review of relevant information and discussions with the Commission's employees, we performed the following procedures:

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place.
- (2) Reviewed the audit report and related workpapers for the fiscal year ended June 30, 2003 and audit workpapers for the fiscal year ended June 30, 2004 prepared by the Commission's auditors to identify any findings that might impact our investigation.
- (3) Reviewed available bank statements, bank reconciliations and related documentation. We also reviewed the deposit in transit amounts recorded on the monthly bank reconciliations and documented the composition of the amounts recorded.
- (4) Reviewed selected validated deposit slips and images of documents associated with the deposits to determine the amount of cash and/or checks deposited.
- (5) For certain days selected from July 1, 2004 to December 1, 2004, accounted for the sequence of gate receipts issued and traced them to the daily gate receipt totals to ensure all gate receipts were accounted for. We also traced certain individual gate receipts paid by check to validated deposit slips for the same period.
- (6) Traced payments on account, assessments and other receipts to the monthly financial statements, validated deposits slips and bank statements for the months of July 2004 and December 2004. We also totaled daily gate receipts for the month and traced to the amount recorded in the monthly financial statements.
- (7) Examined certain customer charge accounts to ensure customers were properly billed and payments on account were properly collected and recorded for the months of July 2004 and December 2004. We also traced payments on account to validated deposit slips and bank statements.
- (8) Confirmed assessments paid by member cities and Iowa County to determine if the payments were properly deposited and recorded for the period July 1, 2002 through June 30, 2004.

- (9) Examined checks for proper signatures and accounted for the numerical sequence for the period July 1, 2004 to January 31, 2005.
- (10) Examined certain disbursements to a former Commission employee to determine if amounts were properly approved, calculated and supported.
- (11) Reviewed the procedures used for cashing personal and Commission checks by a former employee.

Based on these procedures, we determined gate receipts were not deposited intact on a regular basis. In particular, gate receipts paid in cash were not deposited for several months at a time and were incorrectly reported in the Commission's monthly bank reconciliations as deposits in transit. The amounts reported as deposits in transit grew steadily over several months until cash deposits exceeding \$24,000.00 and \$33,000.00 were made to the Commission's bank account in February 2002 and December 2004, respectively. A number of internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** and **B** of this report.

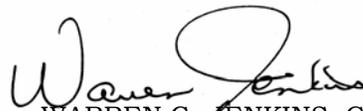
The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the Regional Environmental Improvement Commission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

Copies of this report have been filed with the Iowa 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 Regional Environmental Improvement Commission of Iowa County.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 15, 2005

Regional Environmental Improvement Commission of Iowa County
Investigative Summary

Background Information

The Regional Environmental Improvement Commission of Iowa County (the Commission) was established in May 1971 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Commission is to assist individuals and communities in Iowa County in their efforts to collect, transport and dispose of solid waste and to develop, operate and maintain sanitary landfill and recycling facilities on behalf of the members.

Nina Bullers began employment with the Commission in June 1995. As the accountant, Ms. Bullers was responsible for collecting and recording receipts, preparing deposit slips, taking deposits to the bank and performing the monthly bank reconciliation. She also prepared checks for the Director's and a Commission member's signatures. In addition, she prepared the monthly financial statements presented to the Commission. Ms. Bullers reported to the Director of the Commission.

In mid-December 2004, a representative of the bank holding the Commission's checking account contacted the Director regarding several large cash deposits to their account. From December 6, 2004 through December 14, 2004, eleven cash deposits totaling \$26,122.00 were made to the Commission's bank account. The bank representative informed the Director, in accordance with Federal Deposit Insurance Corporation (FDIC) regulations, the bank was required to report two of the deposits occurring on the same day because their sum exceeded \$10,000.00. In order to complete the required federal cash transactions report for the deposits, the bank representative inquired about the source of the cash.

Because Ms. Bullers was responsible for preparing the deposits, the Director spoke with her about the cash deposits. She stated the cash was from daily gate fees that had accumulated over time and had been stored in the safe. However, the Director stated he had periodically accessed the safe and had not noticed large amounts of cash stored in the small safe.

In addition, based on a review of the Commission's monthly financial statements, receipts for gate fees typically range from \$2,500.00 to \$10,000.00 per month, depending on the time of year. The cash component of the deposits had normally been less than \$2,000.00 per month over the previous three years. The Director did not believe the information provided by Ms. Bullers was consistent with the information presented in the financial reports.

As a result, the Director discussed his concerns about the deposits with a representative of the CPA firm engaged to perform the fiscal year 2004 audit of the Commission. The firm was conducting fieldwork at the time the Director was contacted by the bank. Ms. Bullers deposited over \$33,000.00 in cash to the Commission's bank account during December 2004. Using information provided by the CPA firm, the Director determined the funds deposited during December and January eliminated the large amounts of deposits in transit that had been previously carried forward from month to month. Therefore, the amounts that had been reported as deposits in transit had not actually been deposited as shown by Ms. Bullers on the bank reconciliations.

Ms. Bullers subsequently resigned from her position on Wednesday, January 12, 2005. On Monday, January 17, 2005, five days after the effective date of Ms. Bullers' resignation, a cash deposit of \$1,150.00 was posted to the Commission's bank account. The deposit ticket, prepared by Ms. Bullers, was dated January 12, 2005, Ms. Bullers' last day of employment.

The Director of the Commission requested an investigation be performed by the Office of Auditor of State. As a result of that request, we performed the procedures detailed in the Auditor of State's Report for the period July 1, 2001 through January 31, 2005.

Detailed Findings

These procedures identified gate receipts were not deposited intact on a regular basis. Specifically, gate receipts paid in cash were not deposited for several months at a time and were incorrectly reported in monthly bank reconciliations as deposits in transit. The amounts reported as deposits in transit grew steadily over several months until cash deposits exceeding \$24,000.00 and \$33,000.00 were made to the Commission's bank account in February 2002 and December 2004, respectively. Because the amounts reported as deposits in transit were typically deposited several months after their collection, they were not deposits in transit as reported by Ms. Bullers. The location of the undeposited cash during the intervening time period could not be determined.

Receipts

The Commission's primary revenue sources are assessments paid by members and fees collected at the gate of the landfill for solid waste deposited by customers. For the period July 1, 2002 through June 30, 2004, we traced all confirmed assessment payments from the member cities and Iowa County to their proper deposit in the Commission's bank account. We also determined the assessments were properly recorded in the Commission's financial statements.

Fees collected at the gate are calculated based on the weight of the solid waste brought to the landfill. Vehicles transporting waste are weighed when they arrive at the landfill and again as they leave. The vehicle's weight is recorded by an electronic scale, captured by a computer and used to calculate the gate fee. Prenumbered, two-part receipts, referred to as "gate receipts" are generated by the computer.

Each gate receipt is to be signed or initialed by the customer. One copy of the receipt is given to the customer and the second is retained by the Commission. Customers with an established charge account may charge their fee. If the fee is charged, the computer records the fee as a "charge" and posts the charge to the corresponding account. Charge accounts are billed monthly.

All other customers pay by cash or check. If payment is made by cash or check, the computer program reports the payment as "cash". The program does not have the capability to distinguish between cash and checks.

At the end of each day, a gate receipts report is generated from the computer. The report lists "cash" and "charges" for the day by gate receipt number. The total cash and checks are counted at the end of the day and reconciled to the report and the Commission's copy of the receipts signed or initialed by the customers. The amount of gate receipts paid in cash is not recorded. Charges for the day are also reconciled to the charged gate receipts signed or initialed by the customer and postings to customer accounts. Ms. Bullers was responsible for the reconciliations during her employment. We traced charges made on July 1, 2004 and December 1, 2004 to the appropriate postings in the customers' accounts and did not identify any concerns.

The daily gate receipts reports are used to calculate the total amount of cash and checks collected each month which is provided to the Commission in the monthly financial statements. We compiled the daily gate receipts reports for the months of July 2002 and December 2004 and determined the amounts reported were supported by the daily gate receipts.

According to the Director, it was his expectation the gate receipts and any assessments or other collections received were deposited on a frequent basis, not to exceed a week's time. Based on our review of gate receipt reports and bank deposits, we determined all gate receipts were not deposited intact on a regular basis.

Exhibit A lists the amount of cash and check gate receipts for each month during the period July 1, 2001 to December 31, 2004, as well as the amount of cash deposited to the Commission's bank account. The **Exhibit** also includes the amount of undeposited collections recorded by Ms. Bullers as "deposits in transit" on the monthly bank reconciliations she prepared.

By definition, “deposits in transit” are deposits that have been recorded in the Commission’s financial records and deposited to the bank, but have not yet been posted to the Commission’s account by the bank. True deposits in transit should appear as deposits in the Commission’s bank account within a few business days and the amounts should agree with the individual amounts listed as deposits in transit on the bank reconciliations.

During the period of our review, Ms. Bullers consistently identified collections from several previous months that had been recorded to the financial statements but had not yet been deposited to the bank as “deposits in transit” on the monthly bank reconciliations. Because the amounts reported as deposits in transit were typically deposited several months after their collection, they were not deposits in transit as reported by Ms. Bullers. The amounts were undeposited during that time. The location of the cash during this time has not been determined.

As illustrated by **Exhibit A**, the amount of cash deposited each month varied considerably. Most of the monthly deposits were under \$2,000.00. However, in February 2002, cash deposits totaled \$24,450.56 and in December 2004, cash deposits totaled \$33,264.00.

Also as illustrated by **Exhibit A**, the monthly bank reconciliations for the months of July 2001 through December 2004 included large amounts of deposits in transit. Ms. Bullers attached a calculator tape to each of the monthly bank reconciliations identifying the cash/check gate receipts by day and/or by month that were included in the deposits in transit amount. **Appendix 1** illustrates a monthly bank reconciliation. We were able to trace the cash/check gate receipt amounts listed on the calculator tape to the daily gate receipt reports and/or the monthly financial statements.

Exhibit B identifies the cash/check gate fees and the amount identified by Ms. Bullers as deposits in transit for each month from July 2001 through December 2004. The **Exhibit** also illustrates the month in which the amount of the cash/check gate receipts were completely deposited (i.e. removed from the deposits in transit total). For example, according to the bank reconciliation for March 2004, some of the gate receipts for September 2003 had not yet been deposited and none of the gate receipts from October 2003 through March 2004 had been deposited.

As illustrated by the **Exhibit**, the bank reconciliations prepared by Ms. Bullers for the months of March through May 2004 included collections from seven months as deposits in transit. The reconciliation prepared by Ms. Bullers for November 2004 included collections from five months as deposits in transit. With the large cash deposits made in December 2004, the only deposit in transit reported on the December 2004 bank reconciliation was from collections received in December. Those collections were traced to a deposit on January 17, 2005.

Based on our review of certain individual cash/check gate receipts and validated bank deposit tickets, we determined gate receipts paid by check were deposited in a timely manner. We were able to trace the names (when available) and amounts from gate receipts to the same names and amounts listed on a subsequent validated deposit ticket that was prepared and taken to the bank within several days of collection. The checks were not deposits in transit as reported by Ms. Bullers on the monthly bank reconciliations, nor were they undeposited like the cash collections. Because the checks were being deposited in a timely manner, it appears the checks from the gate receipts were being substituted for the cash from the gate receipts. The checks collected in a current month were used by Ms. Bullers to offset undeposited cash collections from several months previous, thereby reducing the earliest month’s “deposit in transit” amount reported by Ms. Bullers.

We were also able to determine all recorded gate receipts for the period July 1, 2001 through December 31, 2004 were deposited to the Commission’s bank account by January 17, 2005 as follows:

| | |
|---|--------------|
| Undeposited collections reported as “deposits in transit” on 11/30/04 bank reconciliation prepared by Ms. Bullers | \$ 33,582.00 |
| Add: | |
| Cash/check gate receipts collected in December 2004 | 4,301.00 |
| Check returned for insufficient funds* | 68.00 |
| Less: | |
| Cash deposited in December per bank | (33,264.00) |
| Checks deposited in December per bank | (3,527.00) |
| Deposit in transit per bank reconciliation at 12/31/04** | (1,150.00) |
| Credit for error on deposit ticket | (10.00) |
| Remaining undeposited collections | \$ - |

* - Traced to debit memo per bank on 12/28/04.

** - Traced to deposit on 01/17/05, per bank statement.

As illustrated by **Exhibit B**, the \$33,582.00 of “deposits in transit” reported by Ms. Bullers on the November 30, 2004 bank reconciliation was composed of \$2,747.00 cash and check gate fees from July 2004 as well as all of the cash and check gate fees from August through November. The table above illustrates none of those collections were actually “deposits in transit” at November 30, 2004. Ms. Bullers actually deposited the amounts in December. We were not able to determine the location of the funds between the time they were collected and the time they were deposited by Ms. Bullers.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the Commission to process receipts, disbursements, customer billings and payroll. 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 that 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 Commission’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. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the Commission's financial statements. The following conditions were noted:
- (1) The person responsible for collecting, depositing, posting and reconciling daily receipts is also the custodian of the cash and change funds.
 - (2) The responsibilities for maintaining detailed accounts receivable records are not segregated from collections and records postings.
 - (3) All incoming mail is opened by the employee who is authorized to make entries to the accounting records. This employee does not prepare a listing of cash and checks received in the mail.
 - (4) The individual performing bank reconciliations also prepares checks and handles and records cash.
 - (5) Bank reconciliations are not reviewed by an independent person with no responsibility for disbursements, such as signing of checks and approval of vouchers for payment.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Commission should review its operating control procedures to obtain the maximum internal control possible under the circumstances. Current personnel should be utilized to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and should be evidenced by initials or signature of the reviewer and date of the review.

(B) Receipts – During our review of receipts, the following conditions were identified:

- (1) Gate receipts are not deposited intact on a regular basis.
- (2) A restrictive endorsement (for deposit only) is not placed on all checks immediately upon receipt.
- (3) Pre-numbered receipts are not issued for miscellaneous receipts such as sale of hay, scrap metal, assessments, charges collected and copy fees.
- (4) The gate receipts issued by the computer for monies collected do not specifically identify if the method of payment was by “cash” or “check.”
- (5) A duplicate deposit ticket stamped by the bank or a receipt from the bank is not returned to the person who prepared the deposit since the night deposit drop box is often used.
- (6) All voided gate receipts are not properly mutilated and retained.
- (7) Certain employee expense reimbursement checks were cashed using cash received from gate receipts.
- (8) Gate receipts cannot be altered once they are posted. However, the scale operator can manually alter the weight used to compute the gate fees.
- (9) A cash count of pop monies was performed. A ledger is maintained for this activity. However, the ledger was not up-to-date and a variance of \$13.30 was noted between the ledger cash balance and the cash counted.

Recommendation- In order to improve controls over collections, the following procedures should be implemented by the Commission.

- (1) All receipts should be deposited intact on a timely basis.
- (2) A restrictive endorsement should be placed on checks immediately upon receipt.
- (3) Pre-numbered receipts should be issued for all collections.
- (4) Gate receipts should identify the method of payment as “cash” or “check”.
- (5) A duplicate deposit ticket stamped by the bank or a receipt from the bank should be returned to the person who prepared the deposit.
- (6) Voided gate receipts should be properly mutilated and retained.
- (7) Cashing of personal checks from cash receipts should be prohibited.
- (8) The Commission should work with the computer software vendor to ensure the scale operator cannot manually alter the weight used to compute gate fees.
- (9) The pop monies ledger should be kept up-to-date and balanced to the cash on regular basis.

(C) Disbursement Checks – Checks were not always issued in numerical sequence. Also, voided checks are retained, but they are not properly marked as such.

Recommendation- Checks should be issued in numerical sequence and accounted for. All voided checks should be properly retained and marked as such.

- (D) Bank Reconciliations - The Commission's bank reconciliations included amounts identified as deposits in transit that had not actually been deposited to the bank.

Recommendation - Reconciling items included on the monthly bank reconciliation should periodically be reviewed for propriety and traced to supporting documentation by someone independent of the reconciliation preparation. For example, deposits in transit should be traced to a subsequent deposit on the bank statement and all deposits should be intact and timely.

Exhibits

**Regional Environmental Improvement Commission
of Iowa County**

Regional Environmental Improvement Commission of Iowa County

Summary of Cash/Check Gate Receipts, Cash Deposits and Undeposited collections
For the Period July 1, 2001 Through December 31, 2004

| | Cash/Check Gate Receipts per Monthly Financial Statements | Cash Deposited per Validated Deposit Slips | Undeposited Collections Recorded as Deposits In Transit on Monthly Bank Reconciliation |
|-----------|--|---|---|
| 2001: | | | |
| July | \$ 5,917.00 | 952.45 | 20,218.00 |
| August | 5,571.00 | 2,292.50 | 19,946.00 |
| September | 8,949.00 | 591.14 | 24,542.00 |
| October | 9,939.00 | 1,778.50 | 21,919.00 |
| November | 5,381.00 | 1,273.92 | 23,225.00 |
| December | 2,744.00 | 362.67 | 24,001.00 |
| 2002: | | | |
| January | 2,917.00 | 575.16 | 24,672.00 |
| February | 1,325.00 | 24,450.56 | 918.00 |
| March | 3,483.00 | 51.40 | 3,269.00 |
| April | 4,849.00 | 169.32 | 3,695.00 |
| May | 5,791.00 | 632.00 | 4,818.00 |
| June | 8,539.00 | 881.47 | 7,819.00 |
| July | 4,142.00 | 463.50 | 8,289.00 |
| August | 6,262.00 | 999.00 | 9,776.50 |
| September | 4,055.00 | 1,295.00 | 10,228.50 |
| October | 3,444.00 | 864.30 | 11,024.50 |
| November | 4,157.00 | 458.15 | 11,902.50 |
| December | 2,943.00 | 127.00 | 13,056.50 |
| 2003: | | | |
| January | 2,294.00 | 54.45 | 14,135.50 |
| February | 2,175.00 | 0.90 | 14,669.50 |
| March | 3,972.00 | 1.64 | 16,365.50 |
| April | 5,565.00 | 1.75 | 18,186.50 |
| May | 5,204.00 | 1,219.00 | 19,518.50 |
| June | 8,376.00 | 2,992.53 | 19,751.50 |
| July | 6,205.00 | 685.45 | 21,393.33 |
| August | 8,578.00 | 4,992.00 | 18,863.33 |
| September | 5,633.00 | 1,078.00 | 20,467.33 |
| October | 7,466.00 | 1,139.00 | 20,939.33 |
| November | 5,088.00 | 804.04 | 21,978.33 |
| December | 4,255.00 | 128.00 | 22,698.33 |
| 2004: | | | |
| January | 2,230.00 | 52.00 | 23,686.33 |
| February | 2,579.00 | - | 25,168.33 |
| March | 4,555.00 | 59.39 | 26,784.00 |
| April | 8,662.00 | 866.00 | 28,960.38 |
| May | 8,150.00 | 1,117.38 | 30,926.00 |
| June | 9,868.00 | 2,188.32 | 32,196.00 |
| July | 9,144.00 | 1,000.25 | 33,431.00 |
| August | 8,114.00 | 5,343.95 | 29,876.00 |
| September | 9,675.00 | 1,031.00 | 30,724.00 |
| October | 5,930.00 | 665.00 | 32,424.00 |
| November | 7,116.00 | 684.50 | 33,582.00 |
| December | 4,301.00 | 33,264.00 | 1,150.00 * |

* Deposited to the Commission's bank account on January 17, 2005.

Regional Environmental Improvement Commission of Iowa County

Composition of "Deposits in Transit"
For the Fiscal Year Ended June 30, 2002

| | Cash/Check Gate Fees for the Month | Amount of Cash/Check Gate Fees Shown | | | | |
|---|---|---|--------------------|-----------------------|---------------------|----------------------|
| | | July 2001 | August 2001 | September 2001 | October 2001 | November 2001 |
| Prior to July 1, 2001 | | \$ 14,301.00 | 8,458.00 | 4,105.00 | | |
| July 2001 | \$ 5,917.00 | 5,917.00 | 5,917.00 | 5,917.00 | | |
| August 2001 | 5,571.00 | | 5,571.00 | 5,571.00 | 3,031.00 | |
| September 2001 | 8,949.00 | | | 8,949.00 | 8,949.00 | 7,905.00 |
| October 2001 | 9,939.00 | | | | 9,939.00 | 9,939.00 |
| November 2001 | 5,381.00 | | | | | 5,381.00 |
| December 2001 | 2,744.00 | | | | | |
| January 2002 | 2,917.00 | | | | | |
| February 2002 | 1,325.00 | | | | | |
| March 2002 | 3,483.00 | | | | | |
| April 2002 | 4,849.00 | | | | | |
| May 2002 | 5,791.00 | | | | | |
| June 2002 | 8,539.00 | | | | | |
| Undeposited gate fees reported as deposits in transit by Ms. Bullers | | 20,218.00 | 19,946.00 | 24,542.00 | 21,919.00 | 23,225.00 |
| True deposits in transit traced to subsequent deposit | | 7,966.00 | - | 6,733.92 | - | - |
| Total deposits in transit shown on the bank reconciliation | | \$ 28,184.00 | 19,946.00 | 31,275.92 | 21,919.00 | 23,225.00 |

as Deposits in Transit on Bank Reconciliation for the Month of:

December 2001 January 2002 February 2002 March 2002 April 2002 May 2002 June 2002

| | | | | | | |
|-----------------------|-----------------------|--------------------|-----------------------|----------------------|----------------------|----------------------|
| 5,937.00 | 3,691.00 | | | | | |
| 9,939.00 | 9,939.00 | | | | | |
| 5,381.00 | 5,381.00 | | | | | |
| 2,744.00 | 2,744.00 | | | | | |
| | 2,917.00 | | | | | |
| | | 918.00 | | | | |
| | | | 3,269.00 | | | |
| | | | | 3,695.00 | | |
| | | | | | 4,818.00 | |
| | | | | | | 7,819.00 |
| <hr/> 24,001.00 | <hr/> 24,672.00 | <hr/> 918.00 | <hr/> 3,269.00 | <hr/> 3,695.00 | <hr/> 4,818.00 | <hr/> 7,819.00 |
| <hr/> - | <hr/> - | <hr/> - | <hr/> 13,812.34 | <hr/> - | <hr/> - | <hr/> - |
| <hr/> <hr/> 24,001.00 | <hr/> <hr/> 24,672.00 | <hr/> <hr/> 918.00 | <hr/> <hr/> 17,081.34 | <hr/> <hr/> 3,695.00 | <hr/> <hr/> 4,818.00 | <hr/> <hr/> 7,819.00 |

Regional Environmental Improvement Commission of Iowa County

Composition of "Deposits in Transit"
For the Fiscal Year Ended June 30, 2003

| | Cash/Check Gate Fees for the Month | Amount of Cash/Check Gate Fees Shown | | | | |
|---|---|---|--------------------|-----------------------|---------------------|----------------------|
| | | July 2002 | August 2002 | September 2002 | October 2002 | November 2002 |
| Prior to July 1, 2002 | | \$ 4,147.00 | | | | |
| July 2002 | \$ 4,142.00 | 4,142.00 | 3,514.50 | | | |
| August 2002 | 6,262.00 | | 6,262.00 | 6,173.50 | 3,525.50 | 246.50 |
| September 2002 | 4,055.00 | | | 4,055.00 | 4,055.00 | 4,055.00 |
| October 2002 | 3,444.00 | | | | 3,444.00 | 3,444.00 |
| November 2002 | 4,157.00 | | | | | 4,157.00 |
| December 2002 | 2,943.00 | | | | | |
| January 2003 | 2,294.00 | | | | | |
| February 2003 | 2,175.00 | | | | | |
| March 2003 | 3,972.00 | | | | | |
| April 2003 | 5,565.00 | | | | | |
| May 2003 | 5,204.00 | | | | | |
| June 2003 | 8,376.00 | | | | | |
| Undeposited gate fees reported as deposits in transit by Ms. Bullers | | 8,289.00 | 9,776.50 | 10,228.50 | 11,024.50 | 11,902.50 |
| True deposits in transit traced to subsequent deposit | | - | 799.00 | - | 11,254.24 | - |
| Total deposits in transit shown on the bank reconciliation | | \$ 8,289.00 | 10,575.50 | 10,228.50 | 22,278.74 | 11,902.50 |

as Deposits in Transit on Bank Reconciliation for the Month of:

| December 2002 | January 2003 | February 2003 | March 2003 | April 2003 | May 2003 | June 2003 |
|----------------------|---------------------|----------------------|-------------------|-------------------|-----------------|------------------|
| 2,512.50 | 1,297.50 | | | | | |
| 3,444.00 | 3,444.00 | 3,100.50 | 824.50 | | | |
| 4,157.00 | 4,157.00 | 4,157.00 | 4,157.00 | 1,237.50 | | |
| 2,943.00 | 2,943.00 | 2,943.00 | 2,943.00 | 2,943.00 | 308.50 | |
| | 2,294.00 | 2,294.00 | 2,294.00 | 2,294.00 | 2,294.00 | |
| | | 2,175.00 | 2,175.00 | 2,175.00 | 2,175.00 | |
| | | | 3,972.00 | 3,972.00 | 3,972.00 | 606.50 |
| | | | | 5,565.00 | 5,565.00 | 5,565.00 |
| | | | | | 5,204.00 | 5,204.00 |
| | | | | | | 8,376.00 |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| 13,056.50 | 14,135.50 | 14,669.50 | 16,365.50 | 18,186.50 | 19,518.50 | 19,751.50 |
| 5,496.00 | - | 145.88 | - | - | - | 7,212.29 |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| 18,552.50 | 14,135.50 | 14,815.38 | 16,365.50 | 18,186.50 | 19,518.50 | 26,963.79 |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

Regional Environmental Improvement Commission of Iowa County

Composition of "Deposits in Transit"
For the Fiscal Year Ended June 30, 2004

| | Cash/Check Gate Fees for the Month | Amount of Cash/Check Gate Fees Shown | | | | |
|---|---|---|--------------------|-----------------------|---------------------|----------------------|
| | | July 2003 | August 2003 | September 2003 | October 2003 | November 2003 |
| Prior to July 1, 2003 | | \$ 15,188.33 | 4,080.33 | 51.33 | | |
| July 2003 | \$ 6,205.00 | 6,205.00 | 6,205.00 | 6,205.00 | | |
| August 2003 | 8,578.00 | | 8,578.00 | 8,578.00 | 7,840.33 | 3,791.33 |
| September 2003 | 5,633.00 | | | 5,633.00 | 5,633.00 | 5,633.00 |
| October 2003 | 7,466.00 | | | | 7,466.00 | 7,466.00 |
| November 2003 | 5,088.00 | | | | | 5,088.00 |
| December 2003 | 4,255.00 | | | | | |
| January 2004 | 2,230.00 | | | | | |
| February 2004 | 2,579.00 | | | | | |
| March 2004 | 4,555.00 | | | | | |
| April 2004 | 8,662.00 | | | | | |
| May 2004 | 8,150.00 | | | | | |
| June 2004 | 9,868.00 | | | | | |
| Undeposited gate fees reported as deposits in transit by Ms. Bullers | | 21,393.33 | 18,863.33 | 20,467.33 | 20,939.33 | 21,978.33 |
| True deposits in transit traced to subsequent deposit | | - | - | - | - | - |
| Total deposits in transit shown on the bank reconciliation | | \$ 21,393.33 | 18,863.33 | 20,467.33 | 20,939.33 | 21,978.33 |

as Deposits in Transit on Bank Reconciliation for the Month of:

| December 2003 | January 2004 | February 2004 | March 2004 | April 2004 | May 2004 | June 2004 |
|----------------------|---------------------|----------------------|-------------------|-------------------|-----------------|------------------|
| 256.33 | | | | | | |
| 5,633.00 | 4,647.33 | 3,550.33 | 611.00 | | | |
| 7,466.00 | 7,466.00 | 7,466.00 | 7,466.00 | 1,591.38 | | |
| 5,088.00 | 5,088.00 | 5,088.00 | 5,088.00 | 5,088.00 | 495.00 | |
| 4,255.00 | 4,255.00 | 4,255.00 | 4,255.00 | 4,255.00 | 4,255.00 | |
| | 2,230.00 | 2,230.00 | 2,230.00 | 2,230.00 | 2,230.00 | |
| | | 2,579.00 | 2,579.00 | 2,579.00 | 2,579.00 | 961.00 |
| | | | 4,555.00 | 4,555.00 | 4,555.00 | 4,555.00 |
| | | | | 8,662.00 | 8,662.00 | 8,662.00 |
| | | | | | 8,150.00 | 8,150.00 |
| | | | | | | 9,868.00 |
| 22,698.33 | 23,686.33 | 25,168.33 | 26,784.00 | 28,960.38 | 30,926.00 | 32,196.00 |
| - | - | - | - | - | - | 555.00 |
| 22,698.33 | 23,686.33 | 25,168.33 | 26,784.00 | 28,960.38 | 30,926.00 | 32,751.00 |

Exhibit B

Regional Environmental Improvement Commission of Iowa County

Composition of "Deposits in Transit"
For the Six Months Ended December 31, 2004

| | Cash/Check Gate Fees for the Month | Amount of Cash/Check Gate Fees Shown as Deposits in Transit on Bank Reconciliation for the Month of: | | | | | |
|---|---|---|--------------------|-----------------------|---------------------|----------------------|----------------------|
| | | July 2004 | August 2004 | September 2004 | October 2004 | November 2004 | December 2004 |
| Prior to July 1, 2004 | | \$ 24,287.00 | 12,618.00 | 3,791.00 | | | |
| July 2004 | \$ 9,144.00 | 9,144.00 | 9,144.00 | 9,144.00 | 8,705.00 | 2,747.00 | |
| August 2004 | 8,114.00 | | 8,114.00 | 8,114.00 | 8,114.00 | 8,114.00 | |
| September 2004 | 9,675.00 | | | 9,675.00 | 9,675.00 | 9,675.00 | |
| October 2004 | 5,930.00 | | | | 5,930.00 | 5,930.00 | |
| November 2004 | 7,116.00 | | | | | 7,116.00 | |
| December 2004 | 4,301.00 | | | | | | 1,150.00 |
| Undeposited gate fees reported as deposits in transit by Ms. Bullers | | 33,431.00 | 29,876.00 | 30,724.00 | 32,424.00 | 33,582.00 | 1,150.00 |
| True deposits in transit traced to subsequent deposit | | - | - | - | - | - | - |
| Total deposits in transit shown on the bank reconciliation | | \$ 33,431.00 | 29,876.00 | 30,724.00 | 32,424.00 | 33,582.00 | 1,150.00 |

Regional Environmental Improvement Commission of Iowa County

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Cynthia L. Weber, CPA, Manager
Darryl J. Brumm, CPA, Senior Auditor II
Carmon K. Kutcher, Assistant Auditor



Tamera S. Kusian, CPA
Deputy Auditor of State

**Regional Environmental Improvement Commission
of Iowa County**

Appendix

