

Denver Forum  
Denver IA

## NEWS RELEASE

Date: December 9, 2015

Contact: Brad Laures

Keith Oltrogge CPA of Denver, Iowa today released a special report on the Denver Community School District in Denver, Iowa.

It was discovered that various athletic program coaches had opened their own accounts outside of the School District's control, to deposit camp receipts, fundraising receipts and other reimbursements with related expenditures for program activities. Thus the normal purchase and receipt controls of the District were bypassed. The report has various recommendations relating to documentation and control of such accounts. These accounts were closed in 2015 and such accounts are now controlled by the School District office as additional activity accounts.

A copy of the audit report is available for review in the Superintendent's Office, the Office of Auditor of State, and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/index.htm>.

**Independent Accountant's Report on Applying Agreed-Upon Procedures**

To the Board of Education  
of the Denver Community School District

I have performed the procedures enumerated below which were agreed to by Denver Community School District Management. Accordingly, I have applied certain tests and procedures to selected accounting records and related information of certain athletic accounts of the Denver Community School District for the periods ending December 31, 2014. The Denver Community School District's management, which agreed to the performance of the procedures performed, is responsible for the School's records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in the Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures I performed are summarized as follows:

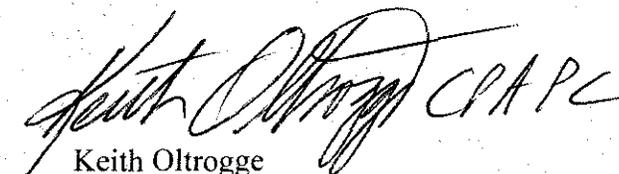
1. I obtained bank statements and any other supporting documentation for the Denver Football bank account, the Denver Cross Country Team bank account and the Denver Girls' Softball bank account.
2. I received any available support for receipts and disbursements in these accounts and made inquiries as to the purpose and propriety of these transactions.

Based on the performance of the procedures described above, I identified various recommendations for the School. My recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures list above.

I was not engaged to and did not conduct an audit of the Athletic Account of the Denver Community School District, the objective of which is the expression of opinions on the School's financial statements. Accordingly, I do not express opinions on the School's Athletic Account's financial statements. Had I performed additional procedures, or had I performed an audit of the Denver Community School Districts' Athletic Accounts, additional matters might have come to my attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Denver Community School District and other parties to whom the Denver Community School may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the Denver Community School District during the course of my agreed-upon procedures. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Keith Oltrogge  
Certified Public Accountants

November 27, 2015

## **Detailed Recommendation**

### Football Account

The Denver Cyclone football account was opened on August 7, 2009 by Rhett Barrett, Football Coach. The account was titled Denver Cyclone Football and was opened using Barret's address and social security number on the account.

The initial deposit was apparently from the Denver Team football camp held in early August.

Team camp deposits over the past 8 years are as follows:

Dates of Deposits	Amounts of Deposits	Number of Participants @ \$30.00 each
8-7-09	\$ 3,402.80	113
8-5-10	1,650.00	55
8-4-11	2,310.00	77
8-3-12	*1,105.00	74
8-5-13	**400.00	20
8-13-14	2,043.00	68
	<u>\$ 10,910.80</u>	

\*Only a 2 day camp – charged \$15 each

\*\*Only a 2 day camp – Junior High only

The football players also sold local business discount cards every August from 2010 thru 2014. In 2010 and 2011 cards were sold for \$10 each and a flat fee of \$1,500 was paid to Elite Fundraising for the cards and their administration. In 2012 thru 2014, Adrenaline Fundraising was used and received 30% of the gross card proceeds with the remainder going to the football account.

Card proceeds deposited were as follows:

Years	Amounts of Actual Deposits	Cards Sold
2010	\$ 4,957	
2011	5,213	
2012	9,088	(454 cards)
2013	9,295	(664 cards)*
2014	9,226	(659 cards)**
Total	<u>\$ 37,779</u>	

Other receipts over the period equal \$1,083.

2009-2014 Total Receipts \$49,773.

\* \$13,280 in card sales less \$3,985 to Elite Fund Raising.

\*\* \$13,180 in card sales less \$3,954 to Elite Fund Raising.

Disbursements were apparently made at the discretion of Coach Barrett. He did not retain invoices or support for the amounts disbursed. Invoices were subsequently obtained for those items marked with \*\* below. Most large disbursements were made by Denver Bank cashier's checks.

Withdrawals by cashier's checks were made out to:

Vendors (Recipients)	Amount	
Decker Sports	\$ 384	
Graphic Edge (6) – camp t-shirts	7,648	**
Kessler Team Sports	1,534	
Rogers Athletics	1,055	
Elite Fundraising (2)	3,000	
Cyclone Athletic Boosters	1,113	
Iowa Sports Supply	196	
Riddell/All American Sports	540	
BSN Sports (8)	6,813	**
Denver Pizza Place (4)	1,050	
Rogers Athletics – blocking sleds	4,165	** A
Denver Athletic Department – 25 second time clocks	4,550	A
The Gym – summer program weight training	3,300	
Hawkeye Stages Bus line – Playoff game night	1,111	
Hy-Vee – pregame meal	410	
Subway – after game meals	315	
Brothers Market	112	
Trainer – cash	100	
Kevin Seich	100	
Rhett Barrett – reimburse weight room stereo	482	
Rhett Barrett – reimburse football DVDs	206	
Rhett Barrett – reimburse HD camera	365	
Cash withdrawal for Clinic Hotel	200	
Cash withdrawal for weight room mats	250	
Rhett Barrett – reimburse for weight room bumpers	500	
Cash withdrawal for Coach's Clinic	200	
Speed/Agility equipment	200	
Cash withdrawal for weight room bumpers	250	
Coach Shiedenhelm – reimburse for I-Pod	275	
Cash withdrawal for medicine balls	450	
Upper Iowa Clinic fee	220	
Miscellaneous check fees and unaccounted for	326	
	\$ 41,420	

**Recap:**

Total Receipts	\$	49,773
Total Withdrawals		41,420
Ending Balance*	\$	8,353.74

A-Asset purchase identified as at school and under school control.

\*-Turned over to School Activity Fund on January 5, 2015.

\*\*-Invoices located and examined

**Finding #1:**

There were no controls or accountability over receipts, so we have no way of knowing all receipts were properly deposited. We had one report from a citizen that stated he made his \$30 camp check out to Denver Community Schools but the check was endorsed and deposited by Mr. Barrett in this football account.

Recommendation – The district should keep detail receipt records to support activity events and related deposits from those events.

**Finding #2:**

Disbursements appear to be for the benefit of football campers and the football program. No payments were made to coaches for camp events. A few disbursements such as pregame and post-game meals for the players and a coach reimbursement for an I-Pod do not appear to meet public purposes. Also, payment for a charter bus to transport the team to playoffs when the School’s buses were available may also not meet the best use of public funds. Also payment of bank fees for cashier’s checks does not meet the best use of public funds. Overall many disbursements lacked supporting receipts or other documentation to support the payment.

Recommendation – The district should keep all disbursement records and only make a payment that is supported by properly approved invoices. All invoices should be retained on file after payment.

**Finding #3:**

There were no controls over disbursements. Proper approval by district officials was absent.

Recommendation – All disbursements should be approved by proper school officials.

**Finding #4:**

Football camp funds were solicited as a school event and should have been deposited to a district account. Camp attendee records should have been maintained to verify the correctness of the receipts deposited.

Recommendation – Future detailed camp records should be maintained to support receipts related to those activities.

**Finding #5:**

There were no detailed records maintained for the promotional cards sold by the football team. Without detailed records of cards received, checked out by the players and receipts turned in, there is no way to support receipts are complete.

Recommendation – The district should keep records of all promotional cards created and all checked out and checked back in by the students making sales.

## Cross Country Account

I was provided with the Cross Country Team account bank statements, at the Denver Savings Bank, for the period January 1, 2013 thru January 26, 2015. It is unknown when the account was opened. The account is in the personal name and social security number of Sandra Sabelka and James Sabelka, the Cross Country coach and her husband. The coach stated she was using an older unused personal account rather than opening a new one.

The balance on January 1, 2013 was \$519.

During the past two years, transactions have included:

Deposits:			
CC poster donations*	\$	1755	*
CC Banquet fees and reimbursement		1591	
CC Warm up gear sales		9714	**
CC t-shirts and jacket sales		3171	**
Withdrawals:			
Running event – food for runners	\$	153	
Warm-ups, t-shirts and gear purchases		11937	
Pizza		294	
CC Banquet food		1652	
Training event		490	
Other miscellaneous expenses		16	

\*Detailed listing of donators provided by Cross Country coach.

\*\* Invoices obtained and agreed to these amounts.

Ending balance transferred to the School Activity Fund on January 30, 2015 was \$2207.57

Finding – There were no controls or accountability over receipts or disbursements at the time they were made. Thus we cannot conclude that all receipts were properly deposited. Many disbursement receipts or invoices were not retained to support the payments going out.

The cross country coach stated all disbursements were for the benefit of the Cross Country team participants. Disbursements for pizza and banquet meals should have been documented better as to the purpose and how much was reimbursed.

Recommendation – All receipts and disbursements should have proper accounting and approval in the future. Supporting receipts and invoices should be present to support payments and should be retained on file after payment is made.

### Denver Girls' Softball Account

The Softball account was opened at the Denver Savings Bank on July 2, 2008. We were provided copies of bank statements beginning with the July 25, 2008 statement. The account was titled Alicia Beck, Denver Softball Account and was addressed to the home address of Alicia Beck, the Softball coach until April 2011. In April 2011 thru January 2015, the name on the account was changed to the name of the new softball coach, Ashley Wolter and addressed to her home address.

The balance of July 25, 2008 was \$957.

Deposits from July 2008 thru January 2015 were \$6,742.80.

Deposits For:			
2008	Reimbursement for socks and jackets	\$	2449.50
2009	Reimbursement for socks and jackets		1145.75
2010	Reimbursement for socks and jackets		2491.00
2011, 2012	No deposits*		-
2013	Camp deposits		150.00
2013	Reimbursement for jackets and shirts		506.55
		\$	<u>6742.80</u>

\*During this period there was a change in coaches and the account was not used.

Checks written amounted to \$6274.86.

Checks Written were For:			
2008	Craft-Cochran and Decker Sports Supply	\$	2278.91
2009	Decker Sports		675.96
2010	Alicia Beck – Coach – Reimbursement for Shirts		1,040.00
2010	Decker Sports and Graphic Edge		1,222.55
2010, 2011, 2012	3 Checks to softball student manager each year/\$50 each		150.00
2009, 2010	2 Checks to Janesville School for spring league register/\$50 each		100.00
	2 Checks to Denver Pizza Place for year-end pizza party for players		133.77
2011	3 Checks to Ashley Wolter – Coach- for reimbursement for score books and coaching gear		127.57
2010	2 Checks to Wal-Mart – no explanation/July 2010		88.78
	Other miscellaneous refunds to students, bank charges, etc.		457.32
		\$	<u>6,274.86</u>

The balance at December 31, 2014 was \$467.94.

This was transferred to the School Activity Fund account in January 2015.

Bank statements included copies or images of cancelled checks or deposits. Only three invoices were provided for score books, team medals and trophies totaling \$109. At times checks were written out of order with some check numbers never being used.

Finding – There were no controls or accountability over receipts or disbursements at the time they were made. Thus we cannot conclude receipts were properly deposited. Receipts and invoices supporting disbursements were also not retained. The Softball Coach has stated all disbursements were for the benefit of the softball team members and softball programs.

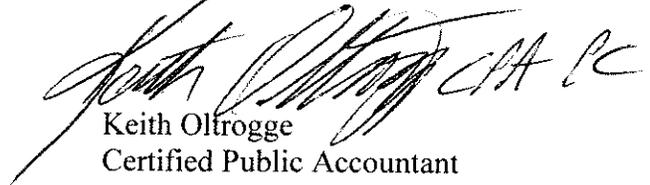
Recommendation – All receipts and disbursements should have proper accounting and be approved in the future. Receipts and invoices should be present to support payments and should be retained on file after payment is made.

### Overall Conclusion

The three accounts reviewed are now under the control of the Denver Community School business office and are a part of the District's activity fund. In the future all coaches should be made aware that such accounts are not allowable unless they are part of the District's activity fund and are subject to the accounting controls and procedures in place at the school district's business office.

If you have any questions, please contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Keith Olfrogge CPA PC". The signature is written in a cursive style with a long, sweeping underline that extends to the left.

Keith Olfrogge  
Certified Public Accountant