



# INTELLEX FORENSICS

## FRAUD & FORENSIC ACCOUNTING

*School District of Glenwood City*  
*(Financial Activities Executed by Tim Johnson and Ron Johnson)*

**Reported and Presented by:**

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Daniel Pruett

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# Eric Stephens, CPA, CFE



- **Managing Director & Co-Founder:** Intellex Forensics
- **Expertise:** Fraud & forensic accounting, risk mitigation
  - Specialty Areas: Due diligence, anti-money laundering, embezzlement, fraud, whistle-blower reporting
- **Experience:**
  - Accounting operations, financial analysis, policy formulation
  - FCPA-related expertise for multi-sized domestic and international organizations
  - Advises global clients on corruption, embezzlement, and fraud risk mitigation
- **Previous Roles:**
  - Deloitte International: Served international clients across Europe, Asia, South America, and the Middle East
  - Financial roles in US GAAP, international accounting, compliance, and risk mitigation



# Daniel Pruett



- **Manager:** Intellex Forensics
- **Expertise:**
  - Project management
  - Digital forensics
  - Technology-related investigations
  - Data analysis
  - Open-source research
- **Experience:**
  - 22 years enlisted in the United States Marine Corps, concluded as an Intelligence Officer
  - Developed information directly aiding tactical recovery and operational strategies
  - Completed work in 10 different countries



# Jaxon Hughes



- **Associate:** Intellex Forensics
- **Education:** BS - Business Finance, University of Wisconsin- Eau Claire
- **Supporting Roles:**
  - Forensic accounting
  - Litigation support
  - Data analytics
  - Financial reporting
- **Experience:**
  - Financial Planning and Analysis Accountant for a world leader in furniture retail and manufacturing

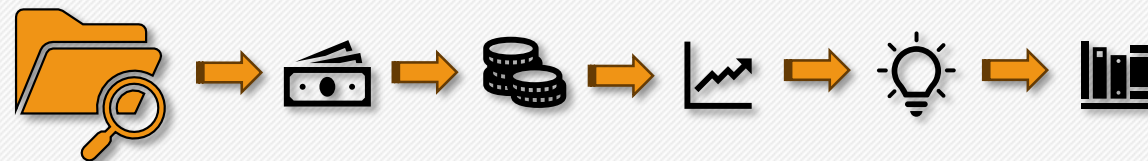


# Agenda



-  Materials Considered
-  Tim Johnson Compensation
-  Ron Johnson Compensation
-  GCSD's Packerland Investment Portfolio
-  Opinions and Basis of Opinions
-  Summary

# Materials Considered



# Materials Considered



Employment Contracts

W2 Submissions

Expense Vouchers

Viterbo University Transcripts

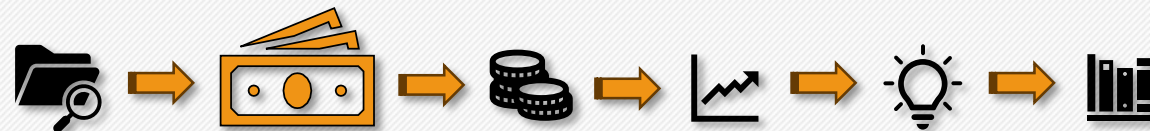
Reimbursement Invoices

Pay Statements

Bank and Investment Statements

# Tim Johnson Compensation

Former District Administrator of the School District of Glenwood City





# Tim Johnson - Annual Salary Compensation



Year	Contractual Salary	Actual Salary
2013-2014	\$ 105,335	\$ 105,335
2014-2015	125,500	125,500
2015-2016	134,647	134,647
2016-2017	131,953	131,953
2017-2018	135,780	135,780
2018-2019	138,686	138,686
2019-2020	144,233	144,233
2020-2021	146,998	146,998
2021-2022	150,796	150,796
2022-2023	153,812	153,812
Total	\$ 1,367,740	\$ 1,367,740

**Salary:** Salary is negotiated on an annual basis and paid out in 24 installments starting in July, the beginning of the District's fiscal year

# Tim Johnson - Compensation for Graduate Courses (Contractual)



Year	Stipend Amount	Installment Schedule	Stipend Total
2013-2014	\$ -	-	\$ -
2014-2015	-	-	-
2015-2016	-	-	-
2016-2017	-	-	-
2017-2018	6,250	Quarterly (4)	25,000
2018-2019	6,250	Quarterly (4)	25,000
2019-2020	6,250	Quarterly (4)	25,000
2020-2021	6,250	Quarterly (4)	25,000
2021-2022	6,250	Quarterly (4)	25,000
2022-2023	-	-	-
<b>Total</b>			<b>\$ 125,000</b>

## Performance Stipend (Stipend):

Performance stipends are a negotiated contribution to help offset the cost of graduate courses and professional development paid either quarterly or annually

**Reimbursements:** Reimbursements are compensation for costs incurred by employees that are subsequently paid back to said employee after they submit an expense voucher approved by the District Administrator, then Tim Johnson

# Tim Johnson - Compensation for Graduate Courses (Amounts Received)



Year	Stipend Amount	Number of Stipends	Stipend Total	Reimbursement Amount	Total
2013-2014	\$ -		\$ -	\$ -	\$ -
2014-2015	-		-	17,640	17,640
2015-2016	-		-	7,365	7,365
2016-2017	-		-	8,010	8,010
2017-2018	25,000	1	25,000	12,075	37,075
2018-2019	25,000	1	25,000	7,650	32,650
2019-2020	25,000	1	25,000	11,725	36,725
2020-2021	25,000	1	25,000	11,050	36,050
2021-2022	25,000	1	25,000	-	25,000
2022-2023	-		-	-	-
<b>Total</b>	<b>\$ 125,000</b>	<b>5</b>	<b>\$ 125,000</b>	<b>\$ 75,515</b>	<b>\$ 200,515</b>

# Tim Johnson - Viterbo University Transcripts



Number of Courses Reimbursed	Courses Reflected on Transcript	Amount Reimbursed
6 <sup>(A)</sup>	Yes	\$ 8,295
41 <sup>(B)</sup>	No	\$ 75,515 <sup>(C)</sup>

(A) Tim Johnson submitted and received reimbursement for 6 of the 11 courses appearing on his Viterbo Transcript

(B) Two payments were made to Tim Johnson totaling \$7,425. There are no associated receipts for these two reimbursements

(C) Tim Johnson submitted a total of 15 expense vouchers between July 1, 2013, and June 30, 2023. All 15 expense vouchers were signed and approved by Tim Johnson

# Tim Johnson - Special Education/HRA Stipend



June 9, 2015

- Memorandum issued to employees notifying them that the HRA Plan was being terminated
- HRA: Health Reimbursement Account

June 15, 2015

- Tim Johnson issued a memorandum to himself stating his eligibility for a one-time stipend for his assignment as the Special Education/Pupil Services Director
- Tim Johnson was never issued, nor held, a Special Education administrators license according to the Wisconsin Department of Public Instruction

July 6, 2015

- Tim Johnson submitted an expense voucher in the amount of \$44,020, of which \$38,462 was claimed to be for a "performance stipend"

August 4, 2015

- Tim Johnson provided a handwritten note explaining his payout as money accumulated in his HRA account over the last "5-7 years"

August 4, 2015

- Tim Johnson accepted a transmittal form which was presented to Hiawatha Bank, authorized by Ron Johnson, to issue a payment to himself of \$25,314 - reflective of \$38,462 less taxes

	Performance Pay	38,462.02	
+	FICA	2,942.76	
+	WRS	2,615.43	
		<hr/>	
		44,020.01	TJH 8/14/15

Screenshot of Tim Johnson Performance Pay Calculation

# Tim Johnson - Alternative Benefits



While employed as District Administrator of GCSD, Tim Johnson received 226 payments for alternative benefits

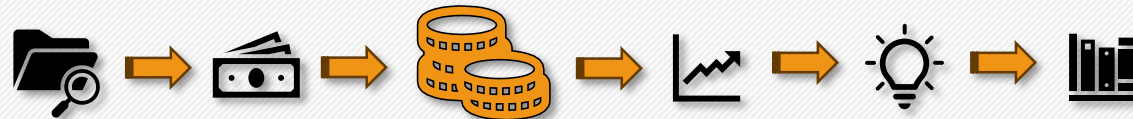
- Listed on paystubs as “Alternative Ben”, **Alternative Benefits** are ostensibly paid in lieu of insurance benefits that are no longer received

**\$51,815** - the total amount of alternative benefits received by Tim Johnson

- Our examination of Tim Johnson’s employment contracts failed to support any compensation to him for these benefits

# Ron Johnson Compensation

Former District Accountant for the School District of Glenwood City



# Ron Johnson - Performance Stipend Compensation



School Year	Contractual Stipends	Stipends Received
2017-2018	\$ -	\$ 15,000
2018-2019	15,000	15,000
2019-2020	15,000	15,000
2020-2021	15,000	15,000
2021-2022	15,000	15,500
2022-2023	15,000	17,500
Total	\$ 75,000	\$ 93,000



# GCSD's Packerland Investment Portfolio



# Packerland Investment Portfolio Funding



Hiawatha  
x7702

- Packerland x7385
- \$120,000

Hiawatha  
x1171

- Packerland x7390
- \$220,000

Hiawatha  
x8387

- Packerland x7408
- \$9,650

## Mutual Funds

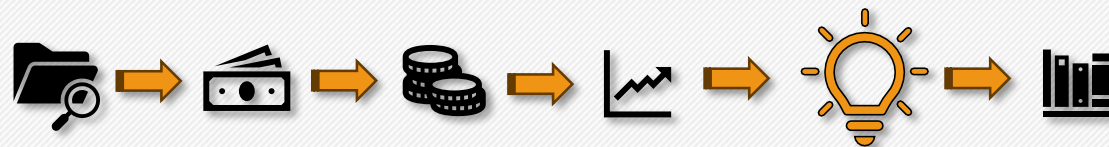
- AMERICAN FD BAL FD CL F3 ("AFMBX")
- FIDELITY ADV GRWTH OPPTY FD I ("FAGCX")
- MFS VAL FD CL I ("MEIIX")
- MORGAN STANLEY INST CORP BND FD I ("MPFDX")
- T ROWE PRICE GLBL STK FD ("PRGSX")
- T ROWE PRICE MID-CAP GROWTH FUND ("RPMGX")
- VANGUARD TOTAL BOND MARKET INDEX FUND ("VBT LX")
- FIDELITY CONTRAFUND ("FCNTX")
- VANGUARD TOTAL STOCK MARKET INDEX FUND ("VTSAX")
- FIDELITY BALANCED FUND ("FBALX")

## Equities

- BOEING CO. ("BA")
- FRANKLIN TEMPLETON ETF ("FLLV")
- MICROSOFT CORP. ("MSFT")
- ADOBE INC. ("ADBE")
- ISHARES TR NA TEC SFTWR ETF ("IGV")

## Money Market Funds

# Opinions and Basis of Opinions



# Opinions



1

- Analyze Tim Johnson's paystubs, expense vouchers, contracts, transcripts, and reimbursement claims to express my opinion on the amount of graduate education reimbursements and stipends Tim Johnson received

2

- Analyze Packerland Brokerage Services investment statements and express my opinion as to the compliance of the investments in accordance with Wisconsin State Statutes

3

- Analyze Ron Johnson's paystubs and contracts for the 2016-2017 school year through the 2022-2023 school year and express my opinion on the total amount of performance stipends he received as compensation in contravention of the terms of his contract

# Summary



# Summary of Payments and Stipends



Type of Compensation	Amount Received by Tim Johnson	Amount Received by Ron Johnson
Performance Stipends	\$ 125,000	\$ 17,500
SPED Stipend	38,462	-
Alternative Benefits	51,815	-
Reimbursements	75,515	-
<b>Total Damages to GCSD</b>	<b>\$ 290,792</b>	<b>\$ 17,500</b>