

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

SPECIAL INVESTIGATION REPORT  
OF

THEODORE ROOSEVELT HIGH SCHOOL  
GARY COMMUNITY SCHOOL CORPORATION  
LAKE COUNTY, INDIANA

December 14, 2004 to March 31, 2009



**FILED**

09/11/2009



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
School Officials .....	2
Transmittal Letter .....	3
Examination Results and Comments:	
Receipts Not Deposited .....	4-7
Cash Necessary to Balance, Bank Reconciliations.....	7
Additional Audit Costs – Receipts Not Deposited .....	7
Public Official Bond .....	7-8
Bank Account Reconciliations .....	8
Deposits Not Made in Same Form as Received .....	8
Internal Controls Over Disbursements .....	9
Timely Deposits .....	10
Internal Control Deficiencies.....	10
Record Retention/Accountability .....	10
Exit Conference.....	11
Official Response .....	12-14
Summary .....	15
Affidavit .....	17

### SCHOOL CORPORATION OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Extra-Curricular Treasurer of Theodore Roosevelt High School	Annie Moore Gilmore Vacant	08-02-04 to 04-02-09 04-02-09 to 06-30-10
Principal of Theodore Roosevelt High School	Marion Williams Leotis Swopes Charlotte Wright	07-01-04 to 06-30-05 06-30-06 to 07-01-05 07-01-06 to 06-30-10
Superintendent of Schools	Dr. Mary Steele-Agee Dr. Myrtle V. Campbell	07-01-04 to 12-19-08 12-22-08 to 06-30-10
President of the School Board	Darren Washington Jesse Morris Alex Wheeler, Jr. Nellie F. Moore Kenneth A. Stalling	07-01-04 to 07-07-05 07-08-05 to 07-03-06 07-04-06 to 07-05-07 07-06-07 to 06-30-09 07-07-09 to 06-30-10
Corporation Treasurer	Carolyn V. Keith Alesia Y. Pritchett	07-01-04 to 02-16-07 02-17-07 to 06-30-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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STATE BOARD OF ACCOUNTS  
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TO: THE OFFICIALS OF THE GARY COMMUNITY SCHOOL  
CORPORATION, LAKE COUNTY, INDIANA

We have examined the records of the Theodore Roosevelt High School for the period from December 14, 2004 to March 31, 2009, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Examination Results and Comments.

STATE BOARD OF ACCOUNTS

July 8, 2009

THEODORE ROOSEVELT HIGH SCHOOL  
 GARY COMMUNITY SCHOOL CORPORATION  
 EXAMINATION RESULTS AND COMMENTS

RECEIPTS NOT DEPOSITED

School Corporation Officials became concerned when their internal auditor analyzed the summer school collections at Theodore Roosevelt High School. The internal auditor determined that not all of the collections for summer school had been remitted to the School Corporation or deposited in the bank. School Corporation Officials requested that the State Board of Accounts extend the examination of the extra-curricular accounts to include the Extra-Curricular Treasurer's entire term which began on August 2, 2004.

We traced all receipts for the period December 14, 2004 through March 31, 2009, to a bank deposit. The examination of receipts to deposits revealed several instances of receipts that were not deposited:

1. A comparison of official extra-curricular receipts (Form SA-3) recorded in the ledger to bank deposits revealed that not all receipts issued and recorded had been deposited. There were also bank deposits with no corresponding official receipt. We also noted differences in the amounts recorded and the amounts deposited that could not be traced to a specific receipt. There were deposits that were more than recorded receipts, as well as deposits that were less than recorded receipts which are reflected in the Deposit Differences Short (Long). These amounts are as follows:

School Year	Receipts Recorded Not Deposited	Receipts Deposited Not Recorded	Deposit Differences Short (Long)	Net Receipts Not Deposited
2004-2005	\$ 533.75	\$ (393.00)	\$ (182.60)	\$ (41.85)
2005-2006	-	-	(1.80)	(1.80)
2006-2007	90.00	-	(1.54)	88.46
2007-2008	1,894.00	(150.00)	(164.02)	1,579.98
2008-2009	2,556.25	(100.00)	10.70	2,466.95
Totals	<u>\$ 5,074.00</u>	<u>\$ (643.00)</u>	<u>\$ (339.26)</u>	<u>\$ 4,091.74</u>

2. Nonprescribed "miscellaneous" receipt books were used for collections of senior class dues, senior prom fees, lock fees, summer school fees, and other miscellaneous items. A comparison of these nonprescribed receipts issued to the receipt ledger and the bank deposits revealed receipts not deposited as follows:

THEODORE ROOSEVELT HIGH SCHOOL  
 GARY COMMUNITY SCHOOL CORPORATION  
 EXAMINATION RESULTS AND COMMENTS  
 (Continued)

School Year	Receipts Not Recorded or Deposited
2004-2005	\$ 1,778.27
2005-2006	7,009.30
2006-2007	20,824.20
2007-2008	11,674.00
Total	\$ 41,285.77

3. Manually prepared textbook rental receipts (Form TBR-2, Official Receipt – Individual Textbook Rental List) are issued for the collection of textbook rental and fees. Batches of the TBR-2 Forms (cumulative totals) are entered on an official extra-curricular receipt (Form SA-3) and recorded in the receipt ledger. A comparison of the TBR-2 Forms issued to the Form SA-3s and receipt ledger revealed that not all TBR-2 Forms were recorded and were therefore, also not deposited as follows:

School Year	TBR Receipts Not Recorded or Deposited
2004-2005	\$ 292
2005-2006	259
2006-2007	361
2007-2008	381
Total	\$ 1,293

4. There were official extra-curricular receipts (Form SA-3) issued that were not recorded in the ledger or deposited in the bank as follows:

School Year	Official Receipts Not Recorded or Deposited
2005-2006	\$ 25.00
2006-2007	15,890.99
2007-2008	3,880.00
Total	\$ 19,795.99

THEODORE ROOSEVELT HIGH SCHOOL  
 GARY COMMUNITY SCHOOL CORPORATION  
 EXAMINATION RESULTS AND COMMENTS  
 (Continued)

5. Prenumbered tickets were used to account for admission fees to athletic events. Ticket Sales Reports (Form SA-4) were not always prepared or retained for examination. Additionally, ticket stubs were not always retained for examination. A review of all Ticket Sales Reports and ticket stubs available revealed that many athletic event receipts were not recorded in the ledger or deposited in the bank as follows:

School Year	Athletic Events Receipts Not Deposited
2006-2007	\$ 2,764.00
2007-2008	7,463.50
2008-2009	3,740.00
Total	\$ 13,967.50

Additionally, we could not account for ticket sales for all athletic events as per the official event schedule; therefore, we were not able to determine if all athletic event collections were deposited.

6. We observed that checks were deposited even though the official receipts indicated that cash was received. Official receipts were not issued or recorded for the checks that were deposited in lieu of cash collected. Copies of the deposit compositions received from the bank confirmed that checks in the amount of \$8,786.44 were deposited in lieu of cash received as follows:

School Year	Cash Receipts Not Deposited
2004-2005	\$ 247.92
2006-2007	953.33
2007-2008	7,445.01
2008-2009	388.10
Total	\$ 9,034.36

Additional bank deposits were requested but not received; therefore, we could not determine additional possible cash receipts not deposited.

We requested that Annie Moore Gilmore, Extra-Curricular Treasurer, remit restitution to Theodore Roosevelt High School in the amount of \$89,468.36 for the receipts that were not deposited as follows:

THEODORE ROOSEVELT HIGH SCHOOL  
 GARY COMMUNITY SCHOOL CORPORATION  
 EXAMINATION RESULTS AND COMMENTS  
 (Continued)

Receipts Not Deposited	Amount
Receipts Recorded, Not Deposited	\$ 4,091.74
Nonprescribed Receipts Not Recorded or Deposited	41,285.77
Textbook Rental Receipts Not Recorded or Deposited	1,293.00
Official Receipts Not Recorded or Deposited	19,795.99
Athletic Events Receipts Not Recorded or Deposited	13,967.50
Cash Receipts Not Deposited	9,034.36
 Total	 \$ 89,468.36

(See Summary, page 15)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS

A comparison of the record balance to the bank balance indicated that the record balance exceeded the available bank balance by \$288.53. We requested that Annie Moore Gilmore, Extra-Curricular Treasurer, remit restitution to Theodore Roosevelt High School in the amount of \$288.53 for the cash necessary to balance. (See Summary, page 15)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

ADDITIONAL AUDIT COSTS – RECEIPTS NOT DEPOSITED

Additional audit costs were incurred due to receipts which were not deposited.

Audit costs incurred because of theft or shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

PUBLIC OFFICIAL BOND

Gary Community School Corporation has a Public Official Bond which covers their extra-curricular treasurers. The bond is with Liberty Mutual Insurance Company and the coverage for the Extra-Curricular Treasurer at Theodore Roosevelt High School was as follows:

THEODORE ROOSEVELT HIGH SCHOOL  
 GARY COMMUNITY SCHOOL CORPORATION  
 EXAMINATION RESULTS AND COMMENTS  
 (Continued)

Term	Coverage
July 31, 2004 to July 30, 2005	\$ 20,000
July 31, 2005 to July 30, 2006	100,000
July 31, 2006 to July 30, 2007	100,000
July 31, 2007 to July 30, 2008	100,000
July 31, 2008 to July 30, 2009	100,000

BANK ACCOUNT RECONCILIATIONS

We noted the following deficiencies in reconciling the ledger balances to the bank balances:

1. Items totaling \$5,097.09 were included as deposits in transit on the bank reconciliation for which no subsequent deposit was found.
2. Items totaling \$1,235 were included in the outstanding checklist that could not be verified to an actual check written.
3. Interest earned on the bank balance totaling \$994.18 was not recorded in the ledger since December 2004.
4. Nonsufficient funds (NSF) checks totaling \$476 were not deducted from the ledger balance.
5. Bank reconciliations were not completed monthly as required. When bank reconciliations were completed, they were inaccurate.

IC 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

DEPOSITS NOT MADE IN SAME FORM AS RECEIVED

We noted the following discrepancies in bank deposits:

1. Receipts were written for amounts which could not be verified to bank deposits.
2. The duplicate deposit slip in some instances was not available for examination. Therefore, the composition of the deposit (amounts of cash, checks, and money orders) could not be verified to the composition recorded on the receipts for those deposits.
3. We randomly selected deposits which we requested copies from the bank. The amounts of cash, checks, and money orders listed on the duplicate deposit slip filed with the receipts were different in some instances than the deposit slip retained by the bank.

IC 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

THEODORE ROOSEVELT HIGH SCHOOL  
GARY COMMUNITY SCHOOL CORPORATION  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

INTERNAL CONTROLS OVER DISBURSEMENTS

We noted the following deficiencies in the internal controls over disbursements:

1. A disbursement ledger was not maintained for a portion of the examination period; therefore, 24% of the claims reviewed could not be traced to the ledger.
2. Individual fund ledgers were not maintained for a portion of the examination period; therefore, 8% of the claims reviewed could not be traced to the individual funds.
3. A Purchase Order Accounts Payable Voucher Form (SA-1) was not available for 21% of the claims reviewed.
4. One SA-1 had a handwritten estimate but no actual invoice attached to support the disbursement. Another had no supporting documentation for a disbursement "to purchase food for the concession stand."
5. A disbursement for "Back to School Parade Meeting," which was a catered luncheon for 100 people, was made from the Student Activity Fund.
6. Late charges of \$55.90 assessed by a vendor were paid.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

THEODORE ROOSEVELT HIGH SCHOOL  
GARY COMMUNITY SCHOOL CORPORATION  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

TIMELY DEPOSITS

Receipts in some instances were deposited up to 101 days after the date of the receipt.

IC 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

INTERNAL CONTROL DEFICIENCIES

We noted the following additional internal control deficiencies:

1. Athletic Ticket Sales Reports (Form SA-4) were not always retained.
2. Athletic ticket stubs were not always retained.
3. Not all ledgers were always maintained. At times, only a control ledger was maintained; there were no individual funds ledgers.

Tickets, goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit.

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. . . . All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. . . . All tickets (unused tickets and stubs) should be retained for audit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

RECORD RETENTION/ACCOUNTABILITY

Theodore Roosevelt High School Officials were using receipts which were neither prescribed nor approved for use for a portion of their collections. A log of these receipt books was not maintained; therefore, we could not determine if all of the receipts books used at the High School were presented for examination.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

THEODORE ROOSEVELT HIGH SCHOOL  
GARY COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on July 8, 2009, with Annie Moore Gilmore, Extra-Curricular Treasurer of Theodore Roosevelt High School; Dr. Myrtle V. Campbell, Superintendent of Schools; Alesia Y. Pritchett, Corporation Treasurer; Dr. Cordia P. Moore, Executive Director Elementary/Secondary Studies; Charles F. Williams, Internal Auditor; Charlotte Wright, Principal of Theodore Roosevelt High School; and Detective Chris Schramm, Indiana State Police. The official response has been made a part of this report and may be found on pages 12 through 14.

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**GARY COMMUNITY  
SCHOOL CORPORATION**



**A NEW DIRECTION: Focus on Accountability  
and Continuous School Improvement**

620 East 10<sup>th</sup> Place – Gary, IN 46402

(219) 881-5401 • Fax (219) 881-4102

Dr. Myrtle V. Campbell, Superintendent

[mcampbell@garycsc.k12.in.us](mailto:mcampbell@garycsc.k12.in.us)

July 17, 2009

Indiana State Board of Accounts  
Bruce Hartman, State Examiner  
302 West Washington Street - Room E418  
Indianapolis, IN 46204-2765

RE: 2006-2008 AUDIT RESPONSES

Dear Mr. Hartman:

**RE: AUDIT RESULTS: EXTRA-CURRICULAR ACCOUNTS  
CORRECTIVE ACTION PLAN  
ROOSEVELT HIGH SCHOOL**

Receipts Not Deposited and Cash Necessary to Balance Bank Reconciliations

- 1) Cash from cafeteria sales will be monitored by comparing daily sales per the SNAPS system to the actual cash being deposited into the bank for all schools. Differences will be investigated promptly.
- 2) Gate receipts and concessions from athletic events will be monitored by analyzing athletic schedules and related ticket reports to ensure that all deposits are properly documented.
- 3) A seminar will be held before the beginning of the upcoming school year with district treasurers to discuss the findings disclosed in the latest audit, the reasons why these findings occurred and the corrective action that needs to be taken.
- 4) Book fairs will be examined to determine that all proceeds are properly deposited and that amounts paid are in accordance with the contractual agreement.
- 5) The district will explore the possibility of conducting a financial seminar for principals, athletic directors and other administrators to educate this staff on fiscal matters.

### Bank Account Reconciliations

1. It was noted that the comments 1-5 pertained to the March, 2009 bank reconciliation. This bank reconciliation will be reviewed and corrective action will be taken.

### Deposits Not Intact

1. The treasurer has been replaced. The new treasurer will be required to attend the upcoming treasurer's seminar.
2. Same comment as # 1.
3. Same comment as # 1.

### Internal Controls Over Disbursements

1. Financial transactions for RHS are now maintained on the RDS computer system so the disbursement ledger will be maintained electronically.
2. Individual ledgers are now maintained by the RDS computer system.
3. The treasurer has been replaced. The new treasurer will be required to attend the upcoming treasurer's seminar.
4. Same comment as # 3.
5. This transaction will be reviewed and corrective action will be taken.
6. Payment of late charges will be discussed at the upcoming treasurer's seminar.

### Timely Deposits

1. Timely deposits will be discussed at the upcoming treasurer's seminar.

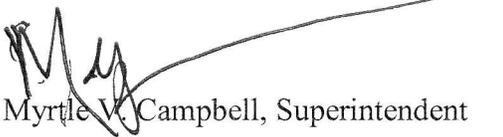
### Internal Control Deficiencies

1. Ticket accounting procedures will be discussed in the upcoming treasurer's seminar.
2. Ticket accounting procedures will be discussed in the upcoming treasurer's seminar.
3. Financial transactions for RHS are now maintained on the RDS computer system.

### Record Retention/Accountability

1. RHS will be using officially approved receipts to account for all transactions.

Sincerely,



Dr. Myrtle V. Campbell, Superintendent

THEODORE ROOSEVELT HIGH SCHOOL  
 GARY COMMUNITY SCHOOL CORPORATION  
 SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Annie Moore Gilmore, Extra-Curricular Treasurer:			
Receipts Not Deposited, pages 4 through 7	\$ 89,468.36	\$ 892.30	\$ 88,576.06
Cash Necessary to Balance, Bank Reconciliations, page 7	<u>288.53</u>	<u>-</u>	<u>288.53</u>
Totals	<u>\$ 89,756.89</u>	<u>\$ 892.30</u>	<u>\$ 88,864.59</u>

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AFFIDAVIT

STATE OF INDIANA     )  
                                  )  
Porter COUNTY)

We, Carla Wenger and Susan M. Lardino, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of Theodore Roosevelt High School, Gary Community School Corporation, Lake County, Indiana, for the period from December 14, 2004 to March 31, 2009, is true and correct to the best of our knowledge and belief.

Carla Wenger  
\_\_\_\_\_

Susan M Lardino  
\_\_\_\_\_

Field Examiners

Subscribed and sworn to before me this 24<sup>th</sup> day of August, 2009

Kathryn A. Kozuszek  
\_\_\_\_\_

Notary Public

My Commission Expires: 2/14/15  
County of Residence: Porter

