

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

SPECIAL INVESTIGATION REPORT  
OF

BAILLY MIDDLE SCHOOL  
GARY COMMUNITY SCHOOL CORPORATION  
LAKE COUNTY, INDIANA

July 1, 2008 to June 30, 2010



**FILED**  
02/25/2011



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SCHOOL CORPORATION OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Alesia Y. Pritchett	07-01-08 to 06-30-11
Superintendent of Schools	Dr. Myrtle V. Campbell	07-01-08 to 06-30-11
President of the School Board	Nellie F. Moore Kenneth A. Stalling	07-01-08 to 06-30-09 07-01-09 to 06-30-11
Principal of Bailly Middle School	Vera Blount	07-01-08 to 06-30-09
Extra-Curricular Treasurer of Bailly Middle School	Vanessa E. Willis	07-01-08 to 06-30-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE GARY COMMUNITY SCHOOL CORPORATION

We have audited the records of the Bailly Middle School for the period from July 1, 2008 to June 30, 2010, 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 Results and Comments.

STATE BOARD OF ACCOUNTS

December 17, 2010

BAILLY MIDDLE SCHOOL  
GARY COMMUNITY SCHOOL CORPORATION  
RESULTS AND COMMENTS

CASH NECESSARY TO BALANCE

The School Corporation closed various schools at the end of the 2008-2009 school year, including Bailly Middle School. Vanessa E. Willis was the Extra-Curricular Treasurer at Bailly Middle School for the 2008-2009 school year. After the schools closed, Robin Pratt, the Supervisor of Secretaries, was in charge of reviewing the financial records of the closed schools and transferring any remaining extra-curricular funds to the appropriate schools. During the Supervisor of Secretaries review of Bailly Middle School's financial reports, she noted discrepancies between the record balance and the bank balance as of June 30, 2009.

A reconciliation of the record balance to the bank balance indicated a record balance in excess of the available bank balance of \$924.60 at June 30, 2009.

We requested that Vanessa E. Willis, Extra-Curricular Treasurer, reimburse the school \$924.60 for the cash necessary to balance. The School Corporation on January 14, 2011, received \$924.60 reimbursement from Vanessa E. Willis for the cash necessary to balance. (See Summary, page 7)

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)

COLLECTIONS NOT DEPOSITED

Pre-numbered tickets were used to account for admission fees to athletic and social events. A review of ticket sales reports and ticket stubs available revealed that many athletic event receipts were not recorded in the ledger or deposited in the bank for the correct amount. Receipts recorded in the ledger and deposited in the bank were \$193.75 less than the amounts reported collected on the ticket sales reports.

Additionally, the Cheerleading Sponsor completed a Summary Collection Form SA-8 indicating she remitted \$150 to Ms. Willis on October 17, 2008. The SA-8 was signed by both Ms. Willis and the Cheerleading Sponsor. Receipt 794 for \$150 was posted to the ledger on October 20, 2008, as received from the Cheerleading Sponsor. However, a negative receipt was posted on October 20, 2008, voiding receipt 794, stating the \$150 receipt was for the wrong amount. Then on October 31, 2008, receipt 827 was posted for \$100, \$50 less than the original receipt for the cheerleading fundraiser.

We requested that Vanessa E. Willis, Extra-Curricular Treasurer, reimburse the School \$243.75 for the collections not deposited. The School Corporation on January 14, 2011, received \$243.75 reimbursement from Vanessa E. Willis for collections not deposited. (See Summary, page 7)

BAILLY MIDDLE SCHOOL  
GARY COMMUNITY SCHOOL CORPORATION  
RESULTS AND COMMENTS  
(Continued)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance 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)

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 provides \$10,000 of coverage for the Extra-Curricular Treasurer at Bailly Middle School.

ADDITIONAL AUDIT COSTS - COLLECTIONS NOT DEPOSITED

Additional audit fees were incurred due to collections 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)

STUDENT ACTIVITIES FUNDS TRANSFERRED TO FACULTY SOCIAL FUND

\$1,340 was transferred in May 2009, from the Student Activities Fund to the Faculty Social Fund. The Faculty Social Fund was used to pay for various expenses for teachers including an end-of-the-year banquet totaling \$3,914.

The State Board of Accounts consistently has been of the audit position to not take an audit exception to a school extracurricular account having a general fund if the fund consists of revenues received from functions (vending machines or sales of a similar nature, etc.) not generated by students for a specific class or organization (for which a fund should be established). Our audit position has been with the provision that the functions for which the expenditures are made benefit the student body as a whole (as opposed to a select group of students, school employees or administrators). Examples of appropriate expenditures in the past would be convocations, field trips which the entire student body has the opportunity to take during the course of the school year, etc. Our audit position has been based in part upon the substance of the transaction (the revenues are primarily from students or parents paying into vending machines, picture money, etc.). Naturally, we would not take audit exception to a public policy of a school corporation which would provide that a general fund does not exist and that money from these type of functions be used to offset the cost of the function (reduced prices of vending machine items, reduce the costs of pictures, etc.). (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

BAILLY MIDDLE SCHOOL  
GARY COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on January 12, 2011, with Alesia Y. Pritchett, Treasurer; Dr. Myrtle V. Campbell, Superintendent of Schools; Kenneth A. Stalling, President of the School Board; Nellie F. Moore, School Board member; George Comer, Assistant Superintendent of Schools; Dr. Edwyna Hord, Executive Director of Elementary and Secondary Studies; Charles F. Williams, Internal Auditor; Robin Jacobs-Pratt, Supervisor of Secretaries; and Vanessa E. Willis, Extra-Curricular Treasurer of Bailly Middle School.

BAILLY MIDDLE SCHOOL  
 GARY COMMUNITY SCHOOL CORPORATION  
 SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Vanessa E. Willis, Extra-Curricular Treasurer:			
Cash Necessary to Balance, page 4	\$ 924.60	\$ 924.60	\$ -
Collections Not Deposited, pages 4 and 5	<u>243.75</u>	<u>243.75</u>	<u>-</u>
 Totals	 <u>\$ 1,168.35</u>	 <u>\$ 1,168.35</u>	 <u>\$ -</u>