

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

EXAMINATION REPORT  
OF  
GRIFFITH PUBLIC SCHOOLS  
LAKE COUNTY, INDIANA  
July 1, 2005 to June 30, 2007



**FILED**  
05/02/2008



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Information:	
Government-Wide Financial Information:	
Schedule of Activities and Net Assets – Cash and Investment Basis .....	4-5
Fund Financial Information:	
Governmental Funds:	
Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds .....	6-7
Proprietary Funds:	
Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fun Balances – Cash and Investment Basis – Proprietary Fund .....	8
Fiduciary Funds:	
Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Fund .....	9-10
Notes to Financial Information .....	11-15
Supplementary Information:	
Combining Schedules of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds .....	16-22
Schedule of Capital Assets.....	23
Schedule of Long-Term Debt .....	24
Examination Results and Comments:	
Internal Controls Over Posting of Checks .....	25
Investment Register.....	25
Overdrawn Cash Balances.....	25
School Lunch Free and Reduced Eligibility.....	25
Average Daily Membership (ADM) – Lack of Records.....	26
Board Insurance Premiums .....	26
Take Home Vehicles .....	26-27
Accounting for Investment Activity.....	27
Deposits.....	27
Supporting Documentation .....	28
Condition of Records .....	28
Receipt Composition .....	28
Ticket Sales .....	28-29
Donations.....	29
Educational Purchases.....	29
Advance Payments.....	29
Optical Images of Checks.....	29-30
Audit Trail.....	30
Exit Conference.....	31

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager	Jeannette Bapst	07-01-05 to 06-30-08
Superintendent of Schools	Peter Morikis	07-01-05 to 06-30-08
President of the School Board	Kevin J. Sudac Daniel Govert Jon D. Terpstra	07-01-05 to 06-30-06 07-01-06 to 06-30-07 07-01-07 to 06-30-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE GRIFFITH PUBLIC SCHOOLS, LAKE COUNTY, INDIANA

We have examined the financial information presented herein of the Griffith Public Schools (School Corporation), for the period of July 1, 2005 to June 30, 2007. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Combining Schedules, as listed in the Table of Contents, have been subjected to examination procedures applied in the examination of the basic financial information and in our opinion, are fairly stated in all materials respects in relation to the basic financial information taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 28, 2008

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 6,983,482	\$ -	\$ 91,080	\$ (6,892,402)
Support services	10,568,336	793,880	301,319	(9,473,137)
Community services	35,657	-	-	(35,657)
Nonprogrammed charges	1,192,155	-	-	(1,192,155)
Debt service	15,349,643	-	-	(15,349,643)
	<u>\$ 34,129,273</u>	<u>\$ 793,880</u>	<u>\$ 392,399</u>	<u>(32,942,994)</u>
General receipts:				
Property taxes				11,293,609
Other local sources				1,225,419
State aid				11,408,082
Bonds and loans				6,760,000
Grants and contributions not restricted to specific programs				480,060
Sale of property, adjustments, and refunds				44,869
Investment earnings				260,998
				<u>31,473,037</u>
Change in net assets				(1,469,957)
Net assets - beginning				<u>6,165,656</u>
Net assets - ending				<u>\$ 4,695,699</u>
<u>Assets</u>				
Cash and investments				\$ 3,622,921
Restricted assets:				
Cash and investments				<u>1,072,778</u>
Total assets				<u>\$ 4,695,699</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,072,778
Unrestricted				<u>3,622,921</u>
Total net assets				<u>\$ 4,695,699</u>

The accompanying notes are an integral part of the financial information.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				Net (Disbursement) Receipts and Changes in Net Assets
Instruction	\$ 7,199,274	\$ -	\$ 80,279	\$ (7,118,995)
Support services	11,724,269	835,562	398,695	(10,490,012)
Community services	55,902	-	-	(55,902)
Nonprogrammed charges	1,050,967	-	-	(1,050,967)
Debt service	<u>11,483,406</u>	<u>-</u>	<u>-</u>	<u>(11,483,406)</u>
Total governmental activities	<u>\$ 31,513,818</u>	<u>\$ 835,562</u>	<u>\$ 478,974</u>	<u>(30,199,282)</u>
General receipts:				
Property taxes				10,352,696
Other local sources				1,275,104
State aid				10,917,265
Bonds and loans				8,717,321
Grants and contributions not restricted to specific programs				495,367
Sale of property, adjustments, and refunds				479,425
Investment earnings				<u>359,374</u>
Total general receipts				<u>32,596,552</u>
Change in net assets				2,397,270
Net assets - beginning				<u>4,695,699</u>
Net assets - ending				<u>\$ 7,092,969</u>
<u>Assets</u>				
Cash and investments				\$ 6,533,056
Restricted assets:				
Cash and investments				<u>559,913</u>
Total assets				<u>\$ 7,092,969</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 157,258
Other purposes				402,655
Unrestricted				<u>6,533,056</u>
Total net assets				<u>\$ 7,092,969</u>

The accompanying notes are an integral part of the financial information.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 5,378,328	\$ 613,258	\$ 4,856,232	\$ 1,112,847	\$ 126,963	\$ 1,227,959	\$ 13,315,587
Intermediate sources	260,310	-	-	-	-	-	260,310
State sources	11,478,316	-	-	-	-	386,648	11,864,964
Federal sources	-	-	-	-	-	413,586	413,586
Bonds and loans	3,200,000	360,000	2,260,000	700,000	-	240,000	6,760,000
Sale of property, adjustments and refunds	33,315	11,304	-	-	-	250	44,869
<b>Total receipts</b>	<u>20,350,269</u>	<u>984,562</u>	<u>7,116,232</u>	<u>1,812,847</u>	<u>126,963</u>	<u>2,268,443</u>	<u>32,659,316</u>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	6,836,855	-	-	-	-	146,627	6,983,482
Support services	7,300,334	597,165	-	931,632	106,053	1,633,152	10,568,336
Community services	34,857	-	-	-	-	800	35,657
Nonprogrammed charges	1,169,710	-	-	-	-	22,445	1,192,155
Debt services	4,233,321	770,000	8,751,337	1,080,000	120,000	394,985	15,349,643
<b>Total disbursements</b>	<u>19,575,077</u>	<u>1,367,165</u>	<u>8,751,337</u>	<u>2,011,632</u>	<u>226,053</u>	<u>2,198,009</u>	<u>34,129,273</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>775,192</u>	<u>(382,603)</u>	<u>(1,635,105)</u>	<u>(198,785)</u>	<u>(99,090)</u>	<u>70,434</u>	<u>(1,469,957)</u>
<b>Other financing sources (uses):</b>							
Transfers in	-	13,353	-	-	-	18,641	31,994
Transfers out	-	-	(13,353)	-	-	(18,641)	(31,994)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>13,353</u>	<u>(13,353)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>775,192</u>	<u>(369,250)</u>	<u>(1,648,458)</u>	<u>(198,785)</u>	<u>(99,090)</u>	<u>70,434</u>	<u>(1,469,957)</u>
<b>Cash and investments - beginning</b>	<u>1,772,276</u>	<u>434,626</u>	<u>2,710,884</u>	<u>732,725</u>	<u>246,965</u>	<u>268,180</u>	<u>6,165,656</u>
<b>Cash and investments - ending</b>	<u>\$ 2,547,468</u>	<u>\$ 65,376</u>	<u>\$ 1,062,426</u>	<u>\$ 533,940</u>	<u>\$ 147,875</u>	<u>\$ 338,614</u>	<u>\$ 4,695,699</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 2,547,468	\$ 65,376	\$ -	\$ 533,940	\$ 147,875	\$ 328,262	\$ 3,622,921
Restricted assets:							
Cash and investments	-	-	1,062,426	-	-	10,352	1,072,778
<b>Total cash and investment assets - ending</b>	<u>\$ 2,547,468</u>	<u>\$ 65,376</u>	<u>\$ 1,062,426</u>	<u>\$ 533,940</u>	<u>\$ 147,875</u>	<u>\$ 338,614</u>	<u>\$ 4,695,699</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 1,062,426	\$ -	\$ -	\$ 10,352	\$ 1,072,778
Unrestricted	<u>2,547,468</u>	<u>65,376</u>	<u>-</u>	<u>533,940</u>	<u>147,875</u>	<u>328,262</u>	<u>3,622,921</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 2,547,468</u>	<u>\$ 65,376</u>	<u>\$ 1,062,426</u>	<u>\$ 533,940</u>	<u>\$ 147,875</u>	<u>\$ 338,614</u>	<u>\$ 4,695,699</u>

The accompanying notes are an integral part of the financial information.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 4,974,098	\$ 792,631	\$ 4,091,751	\$ 1,379,643	\$ 56,614	\$ 1,293,452	\$ 12,588,189
Intermediate sources	234,549	-	-	-	-	-	234,549
State sources	10,982,014	-	-	-	-	420,842	11,402,856
Federal sources	-	-	-	-	-	488,748	488,748
Bonds and loans	4,980,000	240,000	1,560,000	600,000	40,000	1,297,321	8,717,321
Sale of property, adjustments and refunds	75,979	-	-	-	-	791	76,770
<b>Total receipts</b>	<b>21,246,640</b>	<b>1,032,631</b>	<b>5,651,751</b>	<b>1,979,643</b>	<b>96,614</b>	<b>3,501,154</b>	<b>33,508,433</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	6,934,112	-	-	-	-	265,162	7,199,274
Support services	7,097,214	612,134	-	1,675,184	110,605	2,229,132	11,724,269
Community services	54,365	-	-	-	-	1,537	55,902
Nonprogrammed charges	1,050,136	831	-	-	-	-	1,050,967
Debt services	3,263,203	360,000	6,509,228	700,000	-	650,975	11,483,406
<b>Total disbursements</b>	<b>18,399,030</b>	<b>972,965</b>	<b>6,509,228</b>	<b>2,375,184</b>	<b>110,605</b>	<b>3,146,806</b>	<b>31,513,818</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>2,847,610</b>	<b>59,666</b>	<b>(857,477)</b>	<b>(395,541)</b>	<b>(13,991)</b>	<b>354,348</b>	<b>1,994,615</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	178,791	-	16,973	195,764
Transfers out	(48,079)	-	-	(130,703)	-	(16,982)	(195,764)
<b>Total other financing sources (uses)</b>	<b>(48,079)</b>	<b>-</b>	<b>-</b>	<b>48,088</b>	<b>-</b>	<b>(9)</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>2,799,531</b>	<b>59,666</b>	<b>(857,477)</b>	<b>(347,453)</b>	<b>(13,991)</b>	<b>354,339</b>	<b>1,994,615</b>
<b>Cash and investments - beginning</b>	<b>2,547,468</b>	<b>65,376</b>	<b>1,062,426</b>	<b>533,940</b>	<b>147,875</b>	<b>338,614</b>	<b>4,695,699</b>
<b>Cash and investments - ending</b>	<b>\$ 5,346,999</b>	<b>\$ 125,042</b>	<b>\$ 204,949</b>	<b>\$ 186,487</b>	<b>\$ 133,884</b>	<b>\$ 692,953</b>	<b>6,690,314</b>
Amounts reported for governmental activities in the Schedule of Cash Activities and Net Assets - Cash and Investment Basis are different because:							
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Schedule of Activities and Net Assets - Cash and Investment Basis.							
							402,655
<b>Net assets of governmental activities</b>							<b>\$ 7,092,969</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 5,346,999	\$ 125,042	\$ -	\$ 186,487	\$ 133,884	\$ 740,644	\$ 6,533,056
Restricted assets:							
Cash and investments	-	-	204,949	-	-	(47,691)	157,258
<b>Total cash and investment assets - ending</b>	<b>\$ 5,346,999</b>	<b>\$ 125,042</b>	<b>\$ 204,949</b>	<b>\$ 186,487</b>	<b>\$ 133,884</b>	<b>\$ 692,953</b>	<b>\$ 6,690,314</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 204,949	\$ -	\$ -	\$ (47,691)	\$ 157,258
Unrestricted	5,346,999	125,042	-	186,487	133,884	740,644	6,533,056
<b>Total cash and investment fund balance - ending</b>	<b>\$ 5,346,999</b>	<b>\$ 125,042</b>	<b>\$ 204,949</b>	<b>\$ 186,487</b>	<b>\$ 133,884</b>	<b>\$ 692,953</b>	<b>\$ 6,690,314</b>

The accompanying notes are an integral part of the financial information.

GRIFFITH PUBLIC SCHOOLS  
 SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN FUND BALANCES - CASH AND INVESTMENTS BASIS  
 PROPRIETARY FUND  
 For the Year Ended June 30, 2007

	<u>Internal Service Fund</u>
Operating receipts:	
Miscellaneous	\$ 402,655
Excess of operating receipts over operating disbursements	<u>402,655</u>
Change in net assets	402,655
Cash and investment fund balance - beginning	<u>-</u>
Cash and investment fund balance - ending	<u>\$ 402,655</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 402,655</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 402,655</u>
Total cash and investment fund balance - ending	<u>\$ 402,655</u>

The accompanying notes are an integral part of the financial information.

GRIFFITH PUBLIC SCHOOLS  
 SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 FIDUCIARY FUND  
 For the Year Ended June 30, 2006

	<u>Pension Trust Fund</u>
Additions:	
Investment earnings:	
Interest	\$ 143,651
Deductions:	
Benefits	<u>(3,658,983)</u>
Cash and investment fund balance - beginning	<u>4,976,125</u>
Cash and investment fund balance - ending	<u>\$ 1,460,793</u>
Net assets:	
Cash and investments	<u>\$ 1,460,793</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,460,793</u>

The accompanying notes are an integral part of the financial information.

GRIFFITH PUBLIC SCHOOLS  
 SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 FIDUCIARY FUND  
 For the Year Ended June 30, 2007

	Pension Trust Fund
Deductions:	
Benefits	\$ (312,587)
Cash and investment fund balance - beginning	1,460,793
Cash and investment fund balance - ending	\$ 1,148,206
Net assets:	
Cash and investments	\$ 1,148,206
Total net assets - cash and investment basis held in trust	\$ 1,148,206

The accompanying notes are an integral part of the financial information.

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Schedules

Government-Wide Financial Schedules

The Schedules of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Schedules

Fund financial schedules of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial schedules are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial schedules. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial schedules.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL INFORMATION  
(Continued)

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for financial resources for the payment of insurance premiums provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the accumulation of resources for pension benefit payments.

**B. Measurement Focus and Basis of Accounting**

The government-wide, governmental fund, proprietary fund and fiduciary fund financial schedules are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial schedules.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial schedules for governmental funds would use the modified accrual basis of accounting, while the fund financial schedules for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund schedules to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The School Corporation has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial schedules.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds).

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

Transfer From	Transfer To	2006	2007
General Fund	Capital Projects Fund	\$ -	\$ 48,079
Capital Projects Fund	Capital Projects Fund	-	130,703
Debt Service Fund	Transportation Operating Fund	13,353	-
Nonmajor governmental funds	Capital Projects Fund	-	9
Nonmajor governmental funds	Nonmajor governmental funds	<u>18,641</u>	<u>16,973</u>
Totals		<u>\$ 31,994</u>	<u>\$ 195,764</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 7. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

B. Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL INFORMATION  
(Continued)

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Teachers' Retirement Fund  
150 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 232-3860

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Note 8. Subsequent Events

Reassessment and Property Taxes

In accordance with state statutes, all counties were required to reassess property values prior to billing taxes in 2005 through 2007. Significant delays in the reassessment process have resulted in delays in billing taxes in 2005 through 2007. The late billing has delayed timely property tax distributions to the School Corporation. The 2007 tax bills were not sent out until December 2007, with a due date of January 31, 2008. The School Corporation does not anticipate final property tax distribution until June 2008.

Common School Advancements

On October 3, 2007, the School Corporation received a \$100,000 Common School Technology Advancement Grant to be used for computers and to be repaid over 5 years.

On October 9, 2007, the School Corporation received a \$1,180,000 Common School Construction Advancement Grant to be used for HVAC equipment at Beiriger Elementary School and to be repaid over 20 years.

GRIFFITH PUBLIC SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006

	Special Education Preschool	School Lunch	Textbook Rental	Women's Health Grant	School Safe Haven	Early Intervention
<b>Receipts:</b>						
Local sources	\$ 11,757	\$ 559,372	\$ 272,205	\$ 1,991	\$ -	\$ -
State sources	41,574	13,751	38,059	-	-	2,644
Federal sources	-	249,509	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	250	-	-	-
<b>Total receipts</b>	<b>53,331</b>	<b>822,632</b>	<b>310,514</b>	<b>1,991</b>	<b>-</b>	<b>2,644</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	23,165	-	-	1,991	-	-
Support services	-	830,750	379,390	-	3,212	2,644
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>23,165</b>	<b>830,750</b>	<b>379,390</b>	<b>1,991</b>	<b>3,212</b>	<b>2,644</b>
Excess (deficiency) of receipts over disbursements	30,166	(8,118)	(68,876)	-	(3,212)	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	30,166	(8,118)	(68,876)	-	(3,212)	-
Cash and investments - beginning	8,420	103,454	186,152	-	3,212	-
Cash and investments - ending	\$ 38,586	\$ 95,336	\$ 117,276	\$ -	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 38,586	\$ 95,336	\$ 117,276	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 38,586</b>	<b>\$ 95,336</b>	<b>\$ 117,276</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	38,586	95,336	117,276	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 38,586</b>	<b>\$ 95,336</b>	<b>\$ 117,276</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

GRIFFITH PUBLIC SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year ended June 30, 2006  
 (Continued)

	Gifted and Talented 2001-2002	Gifted and Talented 1999-2000	Gifted and Talented 2004-2005	Scholarships and Awards	Title I 2004-2005	Title I 2005-2006
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	15,196	5,650	-	-
Federal sources	-	-	-	-	5,900	67,462
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>15,196</b>	<b>5,650</b>	<b>5,900</b>	<b>67,462</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	1,747	-	12,894	-	4,621	40,682
Support services	-	-	-	1,942	4,289	13,366
Community services	-	-	-	-	800	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,747</b>	<b>-</b>	<b>12,894</b>	<b>1,942</b>	<b>9,710</b>	<b>54,048</b>
Excess (deficiency) of receipts over disbursements	(1,747)	-	2,302	3,708	(3,810)	13,414
<b>Other financing sources (uses):</b>						
Transfers in	13,747	-	-	-	-	4,894
Transfers out	-	942	(14,689)	-	(4,894)	-
<b>Total other financing sources (uses)</b>	<b>13,747</b>	<b>942</b>	<b>(14,689)</b>	<b>-</b>	<b>(4,894)</b>	<b>4,894</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,000	942	(12,387)	3,708	(8,704)	18,308
Cash and investments - beginning	36,146	(942)	14,545	1	8,704	-
Cash and investments - ending	\$ 48,146	\$ -	\$ 2,158	\$ 3,709	\$ -	\$ 18,308
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 48,146	\$ -	\$ 2,158	\$ 3,709	\$ -	\$ 18,308
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 48,146</b>	<b>\$ -</b>	<b>\$ 2,158</b>	<b>\$ 3,709</b>	<b>\$ -</b>	<b>\$ 18,308</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	48,146	-	2,158	3,709	-	18,308
<b>Total cash and investment fund balance - ending</b>	<b>\$ 48,146</b>	<b>\$ -</b>	<b>\$ 2,158</b>	<b>\$ 3,709</b>	<b>\$ -</b>	<b>\$ 18,308</b>

GRIFFITH PUBLIC SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year ended June 30, 2006  
 (Continued)

	Innovative Education Program Strategies 2005-2006	Innovative Education Program Strategies 2001-2002	Drug Free	Eisenhower Technology Grant	School to Work	Class Size Reduction 2005-2006
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	8,895	-	14,935	-	-	65,537
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>8,895</b>	<b>-</b>	<b>14,935</b>	<b>-</b>	<b>-</b>	<b>65,537</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	421	61,106
Support services	15,533	-	11,547	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	4,390	-	18,055	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>15,533</b>	<b>4,390</b>	<b>11,547</b>	<b>18,055</b>	<b>421</b>	<b>61,106</b>
Excess (deficiency) of receipts over disbursements	(6,638)	(4,390)	3,388	(18,055)	(421)	4,431
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,638)	(4,390)	3,388	(18,055)	(421)	4,431
Cash and investments - beginning	10,913	4,390	-	18,055	421	7,840
Cash and investments - ending	\$ 4,275	\$ -	\$ 3,388	\$ -	\$ -	\$ 12,271
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 4,275	\$ -	\$ 3,388	\$ -	\$ -	\$ 12,271
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 4,275</b>	<b>\$ -</b>	<b>\$ 3,388</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,271</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,275	-	3,388	-	-	12,271
<b>Total cash and investment fund balance - ending</b>	<b>\$ 4,275</b>	<b>\$ -</b>	<b>\$ 3,388</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,271</b>

GRIFFITH PUBLIC SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year ended June 30, 2006  
 (Continued)

	Improving Teacher Quality 2005-2006	Retirement/ Severance Bond	Veteran's Memorial Construction	Construction Renovation	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ 382,634	\$ -	\$ -	\$ 1,227,959
State sources	-	-	-	269,774	386,648
Federal sources	1,348	-	-	-	413,586
Bonds and loans	-	240,000	-	-	240,000
Sale of property, adjustments and refunds	-	-	-	-	250
<b>Total receipts</b>	<u>1,348</u>	<u>622,634</u>	<u>-</u>	<u>269,774</u>	<u>2,268,443</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	-	146,627
Support services	1,740	-	90,019	278,720	1,633,152
Community services	-	-	-	-	800
Nonprogrammed charges	-	-	-	-	22,445
Debt services	-	394,985	-	-	394,985
<b>Total disbursements</b>	<u>1,740</u>	<u>394,985</u>	<u>90,019</u>	<u>278,720</u>	<u>2,198,009</u>
Excess (deficiency) of receipts over disbursements	<u>(392)</u>	<u>227,649</u>	<u>(90,019)</u>	<u>(8,946)</u>	<u>70,434</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	18,641
Transfers out	-	-	-	-	(18,641)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(392)</u>	<u>227,649</u>	<u>(90,019)</u>	<u>(8,946)</u>	<u>70,434</u>
Cash and investments - beginning	<u>1,389</u>	<u>(217,297)</u>	<u>90,019</u>	<u>(7,242)</u>	<u>268,180</u>
Cash and investments - ending	<u>\$ 997</u>	<u>\$ 10,352</u>	<u>\$ -</u>	<u>\$ (16,188)</u>	<u>\$ 338,614</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ 997	\$ -	\$ -	\$ (16,188)	\$ 328,262
Restricted assets:					
Cash and investments	-	10,352	-	-	10,352
<b>Total cash and investment assets - ending</b>	<u>\$ 997</u>	<u>\$ 10,352</u>	<u>\$ -</u>	<u>\$ (16,188)</u>	<u>\$ 338,614</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ 10,352	\$ -	\$ -	\$ 10,352
Unrestricted	997	-	-	(16,188)	328,262
<b>Total cash and investment fund balance - ending</b>	<u>\$ 997</u>	<u>\$ 10,352</u>	<u>\$ -</u>	<u>\$ (16,188)</u>	<u>\$ 338,614</u>

GRIFFITH PUBLIC SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007

	Special Education Preschool	School Lunch	Textbook Rental	Donations Gifts and Trusts	Gifted and Talented 2006-2007	Gifted and Talented 2004-2005	Scholarships and Awards
<b>Receipts:</b>							
Local sources	\$ 10,784	\$ 597,744	\$ 276,871	\$ 15,121	\$ -	\$ -	\$ -
State sources	56,847	14,205	60,711	-	-	15,196	332
Federal sources	-	311,779	-	-	-	-	16,027
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	791	-	-	-	-
<b>Total receipts</b>	<b>67,631</b>	<b>923,728</b>	<b>338,373</b>	<b>15,121</b>	<b>-</b>	<b>15,196</b>	<b>16,359</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	49,005	-	-	-	48,147	15,392	12,844
Support services	-	962,072	283,217	15,121	-	600	2,832
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>49,005</b>	<b>962,072</b>	<b>283,217</b>	<b>15,121</b>	<b>48,147</b>	<b>15,992</b>	<b>15,676</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>18,626</b>	<b>(38,344)</b>	<b>55,156</b>	<b>-</b>	<b>(48,147)</b>	<b>(796)</b>	<b>683</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>18,626</b>	<b>(38,344)</b>	<b>55,156</b>	<b>-</b>	<b>(48,147)</b>	<b>(796)</b>	<b>683</b>
Cash and investments - beginning	38,586	95,336	117,276	-	48,146	2,158	3,709
Cash and investments - ending	<u>\$ 57,212</u>	<u>\$ 56,992</u>	<u>\$ 172,432</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 1,362</u>	<u>\$ 4,392</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 57,212	\$ 56,992	\$ 172,431	\$ -	\$ -	\$ 1,362	\$ 4,391
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 57,212</b>	<b>\$ 56,992</b>	<b>\$ 172,431</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,362</b>	<b>\$ 4,391</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	57,212	56,992	172,431	-	-	1,362	4,391
<b>Total cash and investment fund balance - ending</b>	<b>\$ 57,212</b>	<b>\$ 56,992</b>	<b>\$ 172,431</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,362</b>	<b>\$ 4,391</b>

GRIFFITH PUBLIC SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Title I 2005-2006	Title I 2006-2007	Innovative Education Program Strategies 2005-2006	Drug Free	Class Size Reduction 2005-2006	Improving Teacher Quality 2005-2006
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	6,100	78,105	4,360	4,000	56,377	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<u>6,100</u>	<u>78,105</u>	<u>4,360</u>	<u>4,000</u>	<u>56,377</u>	<u>-</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	3,368	60,959	-	-	63,447	-
Support services	2,531	4,331	5,975	3,388	1,091	997
Community services	1,537	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<u>7,436</u>	<u>65,290</u>	<u>5,975</u>	<u>3,388</u>	<u>64,538</u>	<u>997</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>(1,336)</u>	<u>12,815</u>	<u>(1,615)</u>	<u>612</u>	<u>(8,161)</u>	<u>(997)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	16,973	-	-	-	-
Transfers out	(16,973)	-	(9)	-	-	-
<b>Total other financing sources (uses)</b>	<u>(16,973)</u>	<u>16,973</u>	<u>(9)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>(18,309)</u>	<u>29,788</u>	<u>(1,624)</u>	<u>612</u>	<u>(8,161)</u>	<u>(997)</u>
<b>Cash and investments - beginning</b>	<u>18,308</u>	<u>-</u>	<u>4,275</u>	<u>3,388</u>	<u>12,271</u>	<u>997</u>
<b>Cash and investments - ending</b>	<u>\$ (1)</u>	<u>\$ 29,788</u>	<u>\$ 2,651</u>	<u>\$ 4,000</u>	<u>\$ 4,110</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ 29,788	\$ 2,651	\$ 4,000	\$ 4,110	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 29,788</u>	<u>\$ 2,651</u>	<u>\$ 4,000</u>	<u>\$ 4,110</u>	<u>\$ -</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	29,788	2,651	4,000	4,110	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 29,788</u>	<u>\$ 2,651</u>	<u>\$ 4,000</u>	<u>\$ 4,110</u>	<u>\$ -</u>

GRIFFITH PUBLIC SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Emergency Impact Aid for Displaced Students 2005-2006	Retirement/ Severance Bond	Veteran's Memorial Construction	Common School Construction	Construction Renovation	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ 392,932	\$ -	\$ -	\$ -	\$ 1,293,452
State sources	-	-	-	-	273,551	420,842
Federal sources	12,000	-	-	-	-	488,748
Bonds and loans	-	200,000	429,000	668,321	-	1,297,321
Sale of property, adjustments and refunds	-	-	-	-	-	791
<b>Total receipts</b>	<b>12,000</b>	<b>592,932</b>	<b>429,000</b>	<b>668,321</b>	<b>273,551</b>	<b>3,501,154</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	12,000	-	-	-	-	265,162
Support services	-	-	-	672,978	273,999	2,229,132
Community services	-	-	-	-	-	1,537
Debt services	-	650,975	-	-	-	650,975
<b>Total disbursements</b>	<b>12,000</b>	<b>650,975</b>	<b>-</b>	<b>672,978</b>	<b>273,999</b>	<b>3,146,806</b>
Excess (deficiency) of receipts over disbursements	-	(58,043)	429,000	(4,657)	(448)	354,348
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	16,973
Transfers out	-	-	-	-	-	(16,982)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(58,043)	429,000	(4,657)	(448)	354,339
Cash and investments - beginning	-	10,352	-	-	(16,188)	338,614
Cash and investments - ending	\$ -	\$ (47,691)	\$ 429,000	\$ (4,657)	\$ (16,636)	\$ 692,953
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ -	\$ 429,000	\$ (4,657)	\$ (16,636)	\$ 740,644
Restricted assets:						
Cash and investments	-	(47,691)	-	-	-	(47,691)
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ (47,691)</b>	<b>\$ 429,000</b>	<b>\$ (4,657)</b>	<b>\$ (16,636)</b>	<b>\$ 692,953</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ (47,691)	\$ -	\$ -	\$ -	\$ (47,691)
Unrestricted	-	-	429,000	(4,657)	(16,636)	740,644
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ (47,691)</b>	<b>\$ 429,000</b>	<b>\$ (4,657)</b>	<b>\$ (16,636)</b>	<b>\$ 692,953</b>

GRIFFITH PUBLIC SCHOOLS  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 59,652,992
Improvements other than buildings	3,551,080
Machinery and equipment	<u>2,307,594</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 65,511,666</u>

GRIFFITH PUBLIC SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 For The Year Ended June 30, 2007

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Ready 1999	\$ 105,000	\$ 73,000
Ready 1997	4,310,000	574,500
Refund 2005	17,985,000	1,575,500
Notes and loans payable		
Veterans Memorial Loan	429,000	32,890
Common School Loans	16,031,940	1,788,572
Tax Anticipation Warrants	7,620,000	7,894,332
Bonds payable:		
General obligation bonds:		
Pension Bond	4,665,000	404,046
Wadsworth 1999	600,000	129,875
<b>Total governmental activities debt</b>	<b><u>\$ 51,745,940</u></b>	<b><u>\$ 12,472,715</u></b>

GRIFFITH PUBLIC SCHOOLS  
EXAMINATION RESULTS AND COMMENTS

INTERNAL CONTROLS OVER POSTING OF CHECKS

Some checks are issued and distributed but not posted to the ledger until the School Board signs the Claim Docket.

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 Indiana Public School Corporations, Chapter 9)

INVESTMENT REGISTER

The School Corporation does not maintain an investment register to document investment activity.

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 Indiana Public School Corporations, Chapter 9)

OVERDRAWN CASH BALANCES

The School Corporation had the following overdrawn cash balances at June 30:

<u>Fund</u>	<u>2006</u>	<u>2007</u>
Construction Renovation	\$16,188	\$16,636
Retirement/Severance Bond		47,691
Common School Construction		4,655

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SCHOOL LUNCH FREE AND REDUCED ELIGIBILITY

Three of the Free and Reduced School Lunch applications reviewed did not have the eligibility determination marked and one had incorrectly calculated the income for free eligibility. A recalculation by the field examiner determined that the determination should have been for reduced lunch.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

GRIFFITH PUBLIC SCHOOLS  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

Records were not presented for examination to support the ADM claimed by the School Corporation. The School Corporation claimed 2,598 students for school year 2005-2006 and 2,661.5 students for school year 2006-2007.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Officials should maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (The School Administrator and Uniform Compliance Guidelines, Volume 123, September 1993, and Volume 142, June 1998)

BOARD INSURANCE PREMIUMS

The Griffith School Board had passed a policy wherein a School Board member could either participate in the School Corporation insurance plan or the medical premium reimbursement plan. The medical premium reimbursement plan allowed the member that had insurance already available to get reimbursed for their existing insurance premium up to the School Corporation plan of \$350/month premium. The policy was rescinded January 1, 2006.

Indiana Code 20-26-4-7 states: "Except as provided in IC 20-25-3-3, the governing body of a school corporation by resolution has the power to pay each member of the governing body a reasonable amount for service as a member, not to exceed:

- (1) two thousand dollars (\$2,000) per year; and
- (2) a per diem not to exceed the rate approved for members of the board of school commissioners under IC 20-25-3-3(d)."

TAKE HOME VEHICLES

The School Corporation has provided take home vehicles to some of the employees because the employees are considered "on call." The employees also use the School Corporation gas pump to fill the vehicles. The vehicles are parked in the employees' driveways when not in use for School Corporation business. No value has been added to the employees' W-2s.

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

GRIFFITH PUBLIC SCHOOLS  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ACCOUNTING FOR INVESTMENT ACTIVITY

The extracurricular funds have investments in Certificates of Deposit. Records provided indicate the origin dates were from December 6, 1988 through May 10, 1994, which were set to renew automatically. Investment registers (Form 350) were not provided. Limited supporting documentation indicated that the investment rolled from one maturity date to the next without evidence that the investment was receiving the highest possible yield.

General Form Number 350, Register of Investments is the prescribed form for recording investments and all investments should be recorded on Form 350. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 5)

Indiana Code 5-13-9-4(b) states in part: "The investing officer making a deposit in a certificate of deposit shall obtain quotes of the specific rates of interest for the term of that certificate of deposit that each designated depository will pay on the certificate of deposit. Quotes may be solicited and taken by telephone. A memorandum of all quotes solicited and taken shall be retained by the investing officer as a public record of the political subdivision under IC 5-14-3. A deposit made under this subsection shall be placed in the designated depository quoting the highest rate of interest. If more than one (1) depository submits a quote of the highest interest rate quoted for the investment, the deposit may be placed in any or all of the designated depositories quoting the highest rate in the amount or amounts determined by the investing officer, in the investing officer's discretion."

Indiana Code 5-13-9-5.6 states in part: ". . . investments made under this chapter must have a stated final maturity of not more than . . . two (2) years . . . after the date of purchase or entry into a repurchase agreement.

DEPOSITS (APPLIES TO BEIRIGER AND READY ELEMENTARY SCHOOLS)

The composition of cash and checks indicated on receipts did not agree to the composition on the bank deposits. Further examination disclosed that personal checks were being cashed or receipts not being marked cash or check correctly.

Also, deposits were made 6 to 19 days after receipts were issued.

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

Indiana Code 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay."

GRIFFITH PUBLIC SCHOOLS  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

SUPPORTING DOCUMENTATION (APPLIES TO READY,  
WADSWORTH, FRANKLIN, AND MIDDLE/HIGH SCHOOLS)

Claims did not have adequate supporting documentation varying from 17% to 73% of the claims reviewed for the schools listed above.

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)

CONDITION OF RECORDS (APPLIES TO GRIFFITH MIDDLE/HIGH SCHOOL)

Unofficial receipts were issued to parents and students as money was collected. Each unofficial receipt was split among various prescribed Extra-Curricular Receipts (Form SA-3). No notations were provided for examination to indicate amounts taken from each unofficial receipt and recorded on each extra-curricular receipt. Therefore, unofficial receipts could not be traced to deposit.

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)

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)

RECEIPT COMPOSITION (APPLIES TO FRANKLIN ELEMENTARY)

Some receipts were written and not marked as to whether they were cash or check. Other receipts were marked as both cash and check but the amounts of each were not noted. We were unable to test the composition of receipts to the deposit.

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

TICKET SALES (APPLIES TO GRIFFITH MIDDLE/HIGH SCHOOL)

The Griffith High School/Middle School Athletic Department has prenumbered tickets printed that do not have a ticket stub. The tickets are retained at the gate but a ticket is not given to the person paying admission to an event. Also the Ticket Sale Report is not used for any social events other than athletics.

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

GRIFFITH PUBLIC SCHOOLS  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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 shall be pre-numbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

DONATIONS (APPLIES TO GRIFFITH MIDDLE/HIGH SCHOOL)

Donations for various activities are collected at the extra-curricular level without prior School Board approval.

A similar comment appeared in the prior report.

Cash donations that are extra-curricular in nature may be accounted for in the Extra-Curricular Account. The acceptance of these donations shall have prior approval by the board of school trustees. (The School Administrator and Uniform Compliance Guidelines, Volume 140, Page 6)

EDUCATIONAL PURCHASES (APPLIES TO FRANKLIN ELEMENTARY)

Purchases have been made out of extra-curricular funds for items such as paper supplies and equipment maintenance.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

ADVANCE PAYMENTS (APPLIES TO GRIFFITH MIDDLE/HIGH SCHOOL)

Checks were issued in advance to sponsors for activities. Receipts were turned in to support the amount advanced; however, the documentation did not agree to the check amount.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

OPTICAL IMAGES OF CHECKS (APPLIES TO FRANKLIN ELEMENTARY AND GRIFFITH MIDDLE/HIGH SCHOOL)

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned an optical image of only the front side of the checks.

A similar comment appeared in the prior report.

GRIFFITH PUBLIC SCHOOLS  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 5-15-6-3(a) concerning optical imaging of checks states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Furthermore, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

AUDIT TRAIL (APPLIES TO FRANKLIN ELEMENTARY AND GRIFFITH MIDDLE/HIGH SCHOOL)

Nonprescribed software ledger systems are being used to issue checks, PO's, maintaining the ledger, and registers. Audit trails are not generated when corrections and adjustments are made.

The computerized accounting system must maintain electronic audit trails sufficient to trace all transactions from original source of entry into the system, through all system processing, and to the results produced by the system. The audit trails must also maintain sufficient information to trace all transactions from the final results produced by the system, through all system processing, and to the original source of entry into the system. Audit trails must also identify the user that processed the transaction or updated the information. These audit trails must be protected from modification and deletion. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 8)

GRIFFITH PUBLIC SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on January 28, 2008, with Peter Morikis, Superintendent of Schools; Gary Sutton, Assistant Superintendent of Schools; Jeannette Bapst, Business Manager; Jon Terpstra, President of the School Board; and Daniel Govert, School Board member.