

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

AUDIT REPORT  
OF  
GRIFFITH PUBLIC SCHOOLS  
LAKE COUNTY, INDIANA  
July 1, 2007 to June 30, 2009



**FILED**  
03/08/2010



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jeannette Bapst	07-01-07 to 06-30-10
Superintendent of Schools	Peter Morikis	07-01-07 to 06-30-10
President of the School Board	Jon D. Terpstra Richard Muha Richard Anderson	07-01-07 to 06-30-08 07-01-08 to 06-30-09 07-01-09 to 06-30-10



**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 AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Griffith Public Schools (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated January 28, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 28, 2010



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ROOM E418  
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Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Griffith Public Schools (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 28, 2010

GRIFFITH PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Governmental activities:					
Instruction	\$ 10,877,017	\$ -	\$ 188,225	\$ (10,688,792)	
Support services	6,320,297	687,875	512,879	(5,119,543)	
Noninstructional services	991,236	-	-	(991,236)	
Facilities acquisition and construction	1,860,695	-	-	(1,860,695)	
Debt service	11,983,905	-	-	(11,983,905)	
Nonprogrammed charges	<u>1,195,520</u>	<u>-</u>	<u>-</u>	<u>(1,195,520)</u>	
Total governmental activities	<u>\$ 33,228,670</u>	<u>\$ 687,875</u>	<u>\$ 701,104</u>	<u>(31,839,691)</u>	
General receipts:					
Property taxes				8,891,593	
Other local sources				1,481,565	
State aid				10,551,312	
Bonds and loans				8,588,977	
Grants and contributions not restricted to specific programs				395,212	
Investment earnings				339,892	
Other				<u>1,433,799</u>	
Total general receipts				<u>31,682,350</u>	
Change in net assets					(157,341)
Net assets - beginning					<u>7,092,969</u>
Net assets - ending					<u>\$ 6,935,628</u>
<u>Assets</u>					
Cash and investments				\$ 5,334,437	
Restricted assets:					
Cash and investments				<u>1,601,191</u>	
Total assets				<u>\$ 6,935,628</u>	
<u>Net Assets</u>					
Restricted for:					
Debt service				\$ 19,448	
Other purposes				1,581,743	
Unrestricted				<u>5,334,437</u>	
Total net assets				<u>\$ 6,935,628</u>	

The notes to the financial statements are an integral part of this statement.

GRIFFITH PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		Charges for Services	Operating Grants and Contributions	Net (Disbursement) Receipts and Changes in Net Assets
Governmental activities:				
Instruction	\$ 10,467,243	\$ -	\$ 207,333	\$ (10,259,910)
Support services	7,134,817	737,542	545,060	(5,852,215)
Noninstructional services	1,212,960	-	-	(1,212,960)
Facilities acquisition and construction	2,079,506	-	-	(2,079,506)
Debt service	13,143,723	-	-	(13,143,723)
Nonprogrammed charges	<u>1,322,428</u>	<u>-</u>	<u>-</u>	<u>(1,322,428)</u>
Total governmental activities	<u>\$ 35,360,677</u>	<u>\$ 737,542</u>	<u>\$ 752,393</u>	<u>(33,870,742)</u>
General receipts:				
Property taxes				10,863,238
Other local sources				1,663,408
State aid				11,672,866
Bonds and loans				4,723,000
Grants and contributions not restricted to specific programs				3,109,780
Investment earnings				92,935
Other				<u>16,646</u>
Total general receipts				<u>32,141,873</u>
Change in net assets				(1,728,869)
Net assets - beginning				<u>6,935,628</u>
Net assets - ending				<u>\$ 5,206,759</u>
<u>Assets</u>				
Cash and investments				\$ 3,206,482
Restricted assets:				
Cash and investments				<u>2,000,277</u>
Total assets				<u>\$ 5,206,759</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 614,255
Other purposes				1,386,022
Unrestricted				<u>3,206,482</u>
Total net assets				<u>\$ 5,206,759</u>

The notes to the financial statements are an integral part of this statement.

GRIFFITH PUBLIC SCHOOLS  
STATEMENT 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, 2008

	General	Debt Service	Capital Projects	Other	Totals
<b>Receipts:</b>					
Local sources	\$ 4,602,303	\$ 3,459,352	\$ 1,341,650	\$ 1,803,225	\$ 11,206,530
Intermediate sources	194,390	-	-	-	194,390
State sources	10,656,998	-	-	420,121	11,077,119
Federal sources	-	-	-	570,514	570,514
Temporary loans	5,200,000	1,720,000	560,000	731,679	8,211,679
Other	3,417	-	-	-	3,417
<b>Total receipts</b>	<u>20,657,108</u>	<u>5,179,352</u>	<u>1,901,650</u>	<u>3,525,539</u>	<u>31,263,649</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	10,607,071	-	-	269,946	10,877,017
Support services	4,749,993	-	289,188	1,281,116	6,320,297
Noninstructional services	53,547	-	-	937,689	991,236
Facilities acquisition and construction	433,332	-	432,572	994,791	1,860,695
Debt services	5,271,579	5,429,506	600,000	682,820	11,983,905
Nonprogrammed charges	978,228	-	-	-	978,228
<b>Total disbursements</b>	<u>22,093,750</u>	<u>5,429,506</u>	<u>1,321,760</u>	<u>4,166,362</u>	<u>33,011,378</u>
Excess (deficiency) of receipts over disbursements	<u>(1,436,642)</u>	<u>(250,154)</u>	<u>579,890</u>	<u>(640,823)</u>	<u>(1,747,729)</u>
<b>Other financing sources (uses):</b>					
Proceeds of long-term debt	-	-	-	377,298	377,298
Transfers in	34,002	-	-	9,821	43,823
Transfers out	-	-	-	(9,821)	(9,821)
<b>Total other financing sources (uses)</b>	<u>34,002</u>	<u>-</u>	<u>-</u>	<u>377,298</u>	<u>411,300</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,402,640)</u>	<u>(250,154)</u>	<u>579,890</u>	<u>(263,525)</u>	<u>(1,336,429)</u>
Cash and investments - beginning	<u>5,346,999</u>	<u>204,949</u>	<u>186,487</u>	<u>951,879</u>	<u>6,690,314</u>
Cash and investments - ending	<u>\$ 3,944,359</u>	<u>\$ (45,205)</u>	<u>\$ 766,377</u>	<u>\$ 688,354</u>	<u>5,353,885</u>
Amounts reported for governmental activities in the Statement 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 Statement of Activities and Net Assets - Cash and Investment Basis.					
					<u>1,581,743</u>
Net assets of governmental activities					<u>\$ 6,935,628</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ 3,944,359	\$ (45,205)	\$ 766,377	\$ 668,906	\$ 5,334,437
Restricted assets:					
Cash and investments	-	-	-	19,448	19,448
<b>Total cash and investment assets - ending</b>	<u>\$ 3,944,359</u>	<u>\$ (45,205)</u>	<u>\$ 766,377</u>	<u>\$ 688,354</u>	<u>\$ 5,353,885</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 19,448	\$ 19,448
Unrestricted	<u>3,944,359</u>	<u>(45,205)</u>	<u>766,377</u>	<u>668,906</u>	<u>5,334,437</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 3,944,359</u>	<u>\$ (45,205)</u>	<u>\$ 766,377</u>	<u>\$ 688,354</u>	<u>\$ 5,353,885</u>

The notes to the financial statements are an integral part of this statement.

GRIFFITH PUBLIC SCHOOLS  
STATEMENT 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, 2009

	General	Fiscal Stabilization	Debt Service	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 5,160,792	\$ -	\$ 4,564,149	\$ 1,245,706	\$ 2,119,654	\$ 13,090,301
Intermediate sources	266,822	-	-	-	-	266,822
State sources	11,827,921	-	-	-	1,470,665	13,298,586
Federal sources	7,500	1,285,206	-	-	943,747	2,236,453
Temporary loans	538,000	-	2,200,000	1,080,000	905,000	4,723,000
Other	14,969	-	-	-	1,677	16,646
<b>Total receipts</b>	<b>17,816,004</b>	<b>1,285,206</b>	<b>6,764,149</b>	<b>2,325,706</b>	<b>5,440,743</b>	<b>33,631,808</b>
Disbursements:						
Current:						
Instruction	9,479,507	536,224	-	-	451,512	10,467,243
Support services	5,038,289	-	-	813,226	1,283,302	7,134,817
Noninstructional services	334,857	-	-	-	878,103	1,212,960
Facilities acquisition and construction	62,438	106,943	-	579,608	1,330,517	2,079,506
Debt services	5,366,011	-	6,109,021	560,000	1,108,691	13,143,723
Nonprogrammed charges	1,071,180	-	-	-	-	1,071,180
<b>Total disbursements</b>	<b>21,352,282</b>	<b>643,167</b>	<b>6,109,021</b>	<b>1,952,834</b>	<b>5,052,125</b>	<b>35,109,429</b>
Excess (deficiency) of receipts over disbursements	(3,536,278)	642,039	655,128	372,872	388,618	(1,477,621)
Other financing sources (uses):						
Transfers in	-	-	-	-	6,653	6,653
Transfers out	(55,527)	-	-	-	(6,653)	(62,180)
<b>Total other financing sources (uses)</b>	<b>(55,527)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(55,527)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,591,805)	642,039	655,128	372,872	388,618	(1,533,148)
Cash and investments - beginning	3,944,359	-	(45,205)	766,377	688,354	5,353,885
Cash and investments - ending	<u>\$ 352,554</u>	<u>\$ 642,039</u>	<u>\$ 609,923</u>	<u>\$ 1,139,249</u>	<u>\$ 1,076,972</u>	<u>3,820,737</u>
Amounts reported for governmental activities in the Statement 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 Statement of Activities and Net Assets - Cash and Investment Basis.						
						<u>1,386,022</u>
Net assets of governmental activities						<u>\$ 5,206,759</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 352,555	\$ 642,039	\$ -	\$ 1,139,248	\$ 1,072,640	\$ 3,206,482
Restricted assets:						
Cash and investments	-	-	609,923	-	4,332	614,255
<b>Total cash and investment assets - ending</b>	<u>\$ 352,555</u>	<u>\$ 642,039</u>	<u>\$ 609,923</u>	<u>\$ 1,139,248</u>	<u>\$ 1,076,972</u>	<u>\$ 3,820,737</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 609,923	\$ -	\$ 4,332	\$ 614,255
Unrestricted	352,555	642,039	-	1,139,248	1,072,640	3,206,482
<b>Total cash and investment fund balance - ending</b>	<u>\$ 352,555</u>	<u>\$ 642,039</u>	<u>\$ 609,923</u>	<u>\$ 1,139,248</u>	<u>\$ 1,076,972</u>	<u>\$ 3,820,737</u>

The notes to the financial statements are an integral part of this statement.

GRIFFITH PUBLIC SCHOOLS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUND  
For the Year Ended June 30, 2008

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 1,430,382
Operating disbursements:	
Insurance claims and expense	217,292
Excess (deficiency) of operating receipts over operating disbursements	1,213,090
Transfers out	(34,002)
Change in net assets	1,179,088
Cash and investment fund balance - beginning	402,655
Cash and investment fund balance - ending	\$ 1,581,743
 <u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 1,581,743
Total cash and investment assets - ending	\$ 1,581,743
 <u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 1,581,743
Total cash and investment fund balance - ending	\$ 1,581,743

The notes to the financial statements are an integral part of this statement.

GRIFFITH PUBLIC SCHOOLS  
 STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 PROPRIETARY FUND  
 For the Year Ended June 30, 2009

	Internal Service Fund
Operating disbursements:	
Insurance claims and expense	\$ 251,248
Excess (deficiency) of operating receipts over operating disbursements	(251,248)
Transfers in	55,527
Change in net assets	(195,721)
Cash and investment fund balance - beginning	1,581,743
Cash and investment fund balance - ending	\$ 1,386,022
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 1,386,022
Total cash and investment assets - ending	\$ 1,386,022
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 1,386,022
Total cash and investment fund balance - ending	\$ 1,386,022

The notes to the financial statements are an integral part of this statement.

GRIFFITH PUBLIC SCHOOLS  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2008

	Pension Trust Funds	Agency Fund
Deductions:		
Benefits	\$ 68,952	
Excess (deficiency) of total additions over total deductions	(68,952)	
Cash and investment fund balance - beginning	1,148,206	
Cash and investment fund balance - ending	\$ 1,079,254	\$ 364,952
Net assets:		
Cash and investments	\$ 1,079,254	
Total net assets - cash and investment basis held in trust	\$ 1,079,254	

The notes to the financial statements are an integral part of this statement.

GRIFFITH PUBLIC SCHOOLS  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2009

	Pension Trust Funds	Agency Fund
Deductions:		
Benefits	\$ 111,506	
Excess (deficiency) of total additions over total deductions	(111,506)	
Cash and investment fund balance - beginning	1,079,254	
Cash and investment fund balance - ending	\$ 967,748	\$ 274,584
Net assets:		
Cash and investments	\$ 967,748	
Total net assets - cash and investment basis held in trust	\$ 967,748	

The notes to the financial statements are an integral part of this statement.

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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.

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Griffith Public Schools

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Ventures

Northwest Indiana Special Education Cooperative

The School Corporation is a participant with nine other school corporations in a joint venture to operate the Northwest Indiana Special Education Cooperative (Cooperative) which was created to provide instruction to special needs students. The School Corporation is obligated by contract to a funding percentage based on its share of assessed valuation at March 1 of the prior year and its share of Average Daily Membership as compared to the total of all member school corporations determined annually. The governing board of the cooperative consists of a member selected by each participating school corporation. Complete financial statements for the Cooperative can be obtained from the Cooperative at 2150 West 97<sup>th</sup> Avenue, Crown Point, IN 46307.

Northwest Indiana Educational Service Center

The School Corporation is a participant in the Northwest Indiana Educational Service Center (Service Center), a joint school services program established May 30, 1985, for participating school corporations to cooperate and share programs such as curriculum development, instructional materials, needs assessments, computer utilization, and in-service education. The School Corporation provides funding based on Average Daily Membership, determined annually. Complete financial statements for the Service Center can be obtained from the Center's administrative offices at 2939 41<sup>st</sup> Avenue, Highland, IN 46322.

Northwest Indiana Public School Study Council

The School Corporation is a participant in the Northwest Indiana Public School Study Council (Study Council), a joint school services program established December 10, 1969, for the improvement of education and the study of problems and issues involved in public education. The School

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Corporation is obligated to remit \$1,000 annually to belong to the Study Council. Each participating school corporation provides a member to participate on the Study Council's governing board. Complete financial statements for the Study Council can be obtained from the Merrillville Community School Corporation, 6701 Delaware Street, Merrillville, IN 46410.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements 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, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. (However, at this time, the School Corporation has not established any enterprise funds.)

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 fiscal stabilization-education (stimulus) fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

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.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for the activities of the insurance premium fund, which accumulates resources for health insurance premium payments.

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

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements 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 statements.

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

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

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). The School Corporation does not have any enterprise 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.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in 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.

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, and (2) operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Cash and Investment Balance Deficits

At June 30, 2008 and 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2008	2009
Debt Service	\$ 45,205	\$ -
Innovative Education Program Strategies	559	-
Common School Technology	-	21,283

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2009, the School Corporation had deposit balances in the amount of \$7,560,529. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

Transfer From	Transfer To	2008	2009
Internal Service	General Fund	\$ 34,002	\$ -
General	Internal Service Fund	-	55,527
Other governmental funds	Other governmental funds	9,821	6,653
Totals		<u>\$ 43,823</u>	<u>\$ 62,180</u>

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

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporations

The School Corporation has entered into capital leases with the Griffith Ready Elementary School Building Corporation and the Griffith Multi-School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2008 and 2009, totaled \$2,050,644 and \$2,156,467, respectively.

C. Subsequent Events

Reassessment and Property Taxes

In accordance with state statutes, all counties were required to trend property values prior to billing taxes in 2009. Taxes are normally billed in two installments, the first is due in May, and the second in November. Significant delays in the trending process have resulted in delays in billing taxes for 2009. Lake County 2008 pay 2009 tax rates were approved on July 31, 2009. The School Corporation received a partial payment on November 3, 2009.

General Obligation Bonds

In December 2009, the School Corporation issued \$1,475,000 general obligation bonds and \$8,491,344 ARRA Qualified School Construction Bonds through the new Griffith Beiriger Elementary School Building Holding Corporation. The funds will be used to renovate Beiriger Elementary School. The School Corporation will close the kindergarten through sixth grade at Franklin Elementary School at the conclusion of the 2010-2011 school year and redistrict the students between the remaining schools.

School Administrative Offices

In July 2009, the School Corporation moved its administrative offices to the Franklin Elementary School building. The former administration building is for sale.

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Other Postemployment Benefits

Health Insurance

Teachers retiring in 2005 or before are eligible to participate in the single health insurance plan provided to active teachers at a cost of \$390 per year, until Medicare eligible. Administrators retiring in 2005 or before are eligible to participate in the single health insurance plan provided to active administrators at a cost equal to the employee contribution at time of retirement, until Medicare eligible. Spouses or family members of either classification may participate in the School's health plan by paying 100% of the premium cost over and above the single plan. During 2007-2008 the School Corporation paid \$290,400 for health insurance for 50 retirees and during 2008-2009 the School Corporation paid \$314,000 for health insurance for 45 retirees.

Teachers and administrators retiring after 2005, with 10 years of service with the district, may participate in the school district health plan at retirement by paying 100% of the premium. Participation may continue until Medicare-eligible.

Secretaries, Central Office Secretaries, and Custodial/Maintenance staff retiring after 2005, with 15 years of service with the district, may participate in the school district single health insurance plan at retirement by paying the current employee single plan cost. Participation may continue until Medicare-eligible. For three retirees the School Corporation paid \$17,400 for health insurance for 2007-2008 and \$20,883 for 2008-2009.

Secretaries, Central Office Secretaries, and Custodial/Maintenance staff retiring after 2005, with 10 years of service with the district, may participate in the school district health plan at retirement by paying 100% of the premium. Participation may continue until Medicare-eligible.

Severance Pay

Teachers qualify for severance pay by completing a minimum of 15 years of service, and at least 10 years of those must be in the Griffith Public Schools. Payment for unused sick days is made according to provisions in the Griffith Public Schools/Griffith Federation of Teachers contract.

Administrators qualify for severance pay by completing at least 10 years of service with the Griffith Public Schools. Payment for unused sick days is made according to provisions in the Griffith Public Schools Administrator Benefit Package.

Classified staff qualifies for severance pay by completing at least 10 years of service with the Griffith Public Schools. Payment for unused sick days is made according to provisions in the employment manual of each specific employment classification.

Early Retirement Payments

Teachers and administrators retiring prior to July 1, 2006, who are not part of the annuity contribution plan, are eligible for early retirement incentive pay to age 62, in an amount equal to 31% of the base teacher's salary at the time of separation. During the audit period, 23 retirees received this benefit. During 2007-2008 the School Corporation paid \$197,500 for early retirement incentives for 23 retirees and during 2008-2009 the School Corporation paid \$143,400 for early retirement incentives for 17 retirees.

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Voluntary Employees' Beneficiary Association

Qualifying teachers and administrators receive ongoing employer contributions to a Voluntary Employees' Beneficiary Association (VEBA) account according to provisions in the Griffith Federation of Teachers Contract and according to provisions in the Administrative Benefit Package.

Following retirement and the satisfaction of the requirements set forth, a retired employee may elect to commence distributions from his VEBA account to pay health insurance premiums, term life insurance premiums, and to be reimbursed for unreimbursed medical expenses of the employee, spouse, and dependents. If an employee dies after having satisfied the requirements of this article, the deceased employee's VEBA plan account shall be distributable to the decedent's designated beneficiary or to his/her estate if no beneficiary designation has been made.

If an employee retires or otherwise terminates employment before satisfaction of the requirements set forth in this article, the terminated employee's VEBA account shall be forfeited.

The forfeited amounts shall be reallocated at the end of each plan year only among then remaining separate VEBA accounts in a manner similar to that used in initially determining the present value calculations.

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

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 the 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 member's 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. The 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

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$225,817.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

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 member's 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.

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 Costs

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.

The School Corporation's contributions to the plan during the period were \$1,154,187.

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, 2008

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Alternative Education	Safe Haven Grant
<b>Receipts:</b>						
Local sources	\$ 603,963	\$ 8,735	\$ 626,665	\$ 296,611	\$ -	\$ -
State sources	-	45,532	12,846	91,232	3,839	3,345
Federal sources	-	-	408,801	-	-	-
Temporary loans	260,000	-	-	-	-	-
<b>Total receipts</b>	<b>863,963</b>	<b>54,267</b>	<b>1,048,312</b>	<b>387,843</b>	<b>3,839</b>	<b>3,345</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	59,044	-	-	3,839	-
Support services	670,662	-	10,469	364,151	-	3,345
Noninstructional services	891	-	936,600	-	-	-
Facilities acquisition and construction	-	-	16,750	-	-	-
Debt services	240,000	-	-	-	-	-
<b>Total disbursements</b>	<b>911,553</b>	<b>59,044</b>	<b>963,819</b>	<b>364,151</b>	<b>3,839</b>	<b>3,345</b>
Excess (deficiency) of receipts over disbursements	(47,590)	(4,777)	84,493	23,692	-	-
<b>Other financing sources (uses):</b>						
Proceeds of long-term debt	-	-	-	-	-	-
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	(47,590)	(4,777)	84,493	23,692	-	-
Cash and investments - beginning	125,042	57,212	56,992	172,432	-	-
Cash and investments - ending	\$ 77,452	\$ 52,435	\$ 141,485	\$ 196,124	\$ -	\$ -
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 77,452	\$ 52,435	\$ 141,485	\$ 196,124	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 77,452</b>	<b>\$ 52,435</b>	<b>\$ 141,485</b>	<b>\$ 196,124</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	77,452	52,435	141,485	196,124	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 77,452</b>	<b>\$ 52,435</b>	<b>\$ 141,485</b>	<b>\$ 196,124</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, 2008  
 (Continued)

	AED Donation	Foundation	Gifted and Talented	Scholarship and Award	Title I 2005/2006	Title I 2006/2007
<b>Receipts:</b>						
Local sources	\$ 500	\$ 500	\$ -	\$ -	\$ -	\$ -
State sources	-	-	37,313	6,975	-	-
Federal sources	-	-	-	2,782	-	8,000
Temporary loans	-	-	-	-	-	-
<b>Total receipts</b>	<b>500</b>	<b>500</b>	<b>37,313</b>	<b>9,757</b>	<b>-</b>	<b>8,000</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	31,316	14,677	(121)	26,904
Support services	-	500	1,000	(528)	-	1,106
Noninstructional services	-	-	-	-	-	198
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>500</b>	<b>32,316</b>	<b>14,149</b>	<b>(121)</b>	<b>28,208</b>
Excess (deficiency) of receipts over disbursements	500	-	4,997	(4,392)	121	(20,208)
<b>Other financing sources (uses):</b>						
Proceeds of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	121
Transfers out	-	-	-	-	(121)	(9,700)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(121)</b>	<b>(9,579)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	500	-	4,997	(4,392)	-	(29,787)
Cash and investments - beginning	-	-	1,361	4,392	-	29,787
Cash and investments - ending	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 6,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 500	\$ -	\$ 6,358	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 500</b>	<b>\$ -</b>	<b>\$ 6,358</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	500	-	6,358	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 500</b>	<b>\$ -</b>	<b>\$ 6,358</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, 2008  
 (Continued)

	Title I 2007/2008	Innovative Education Program Strategies	Drug Free	Class Size Reduction	Retirement/ Severance Bond	School Bus Replacement
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 269,959	\$ (3,709)
State sources	-	-	-	-	-	-
Federal sources	88,793	2,000	1,882	58,256	-	-
Temporary loans	-	-	-	-	200,000	40,000
<b>Total receipts</b>	<b>88,793</b>	<b>2,000</b>	<b>1,882</b>	<b>58,256</b>	<b>469,959</b>	<b>36,291</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	83,234	-	-	51,053	-	-
Support services	-	5,210	5,760	977	-	72,985
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	402,820	40,000
<b>Total disbursements</b>	<b>83,234</b>	<b>5,210</b>	<b>5,760</b>	<b>52,030</b>	<b>402,820</b>	<b>112,985</b>
Excess (deficiency) of receipts over disbursements	5,559	(3,210)	(3,878)	6,226	67,139	(76,694)
<b>Other financing sources (uses):</b>						
Proceeds of long-term debt	-	-	-	-	-	-
Transfers in	9,700	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>9,700</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	15,259	(3,210)	(3,878)	6,226	67,139	(76,694)
Cash and investments - beginning	-	2,651	4,000	4,110	(47,691)	133,884
Cash and investments - ending	<u>\$ 15,259</u>	<u>\$ (559)</u>	<u>\$ 122</u>	<u>\$ 10,336</u>	<u>\$ 19,448</u>	<u>\$ 57,190</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 15,259	\$ (559)	\$ 122	\$ 10,336	\$ -	\$ 57,190
Restricted assets:						
Cash and investments	-	-	-	-	19,448	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ 15,259</u></b>	<b><u>\$ (559)</u></b>	<b><u>\$ 122</u></b>	<b><u>\$ 10,336</u></b>	<b><u>\$ 19,448</u></b>	<b><u>\$ 57,190</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 19,448	\$ -
Unrestricted	15,259	(559)	122	10,336	-	57,190
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 15,259</u></b>	<b><u>\$ (559)</u></b>	<b><u>\$ 122</u></b>	<b><u>\$ 10,336</u></b>	<b><u>\$ 19,448</u></b>	<b><u>\$ 57,190</u></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, 2008  
 (Continued)

	Veteran's Memorial Construction	Common School Construction	Multi-School Building	Common School Technology	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ 1	\$ -	\$ 1,803,225
State sources	-	-	-	219,039	420,121
Federal sources	-	-	-	-	570,514
Temporary loans	-	231,679	-	-	731,679
	<u>-</u>	<u>231,679</u>	<u>-</u>	<u>-</u>	<u>731,679</u>
Total receipts	<u>-</u>	<u>231,679</u>	<u>1</u>	<u>219,039</u>	<u>3,525,539</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	-	269,946
Support services	-	-	-	145,479	1,281,116
Noninstructional services	-	-	-	-	937,689
Facilities acquisition and construction	429,000	227,022	265,095	56,924	994,791
Debt services	-	-	-	-	682,820
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>682,820</u>
Total disbursements	<u>429,000</u>	<u>227,022</u>	<u>265,095</u>	<u>202,403</u>	<u>4,166,362</u>
Excess (deficiency) of receipts over disbursements	<u>(429,000)</u>	<u>4,657</u>	<u>(265,094)</u>	<u>16,636</u>	<u>(640,823)</u>
<b>Other financing sources (uses):</b>					
Proceeds of long-term debt	-	-	377,298	-	377,298
Transfers in	-	-	-	-	9,821
Transfers out	-	-	-	-	(9,821)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,821)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>377,298</u>	<u>-</u>	<u>377,298</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(429,000)</u>	<u>4,657</u>	<u>112,204</u>	<u>16,636</u>	<u>(263,525)</u>
Cash and investments - beginning	<u>429,000</u>	<u>(4,657)</u>	<u>-</u>	<u>(16,636)</u>	<u>951,879</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,204</u>	<u>\$ -</u>	<u>\$ 688,354</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ -	\$ -	\$ 112,204	\$ -	\$ 668,906
Restricted assets:					
Cash and investments	-	-	-	-	19,448
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,448</u>
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,204</u>	<u>\$ -</u>	<u>\$ 688,354</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 19,448
Unrestricted	-	-	112,204	-	668,906
	<u>-</u>	<u>-</u>	<u>112,204</u>	<u>-</u>	<u>668,906</u>
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,204</u>	<u>\$ -</u>	<u>\$ 688,354</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, 2009

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	AED Donation	Gifted High Ability	Scholarship and Award
<b>Receipts:</b>							
Local sources	\$ 737,801	\$ 9,319	\$ 605,378	\$ 310,853	\$ -	\$ -	\$ -
State sources	-	51,205	12,867	91,804	-	37,313	6,296
Federal sources	-	-	440,389	-	-	-	-
Temporary loans	445,000	-	-	-	-	-	-
Other	350	-	-	1,327	-	-	-
<b>Total receipts</b>	<b>1,183,151</b>	<b>60,524</b>	<b>1,058,634</b>	<b>403,984</b>	<b>-</b>	<b>37,313</b>	<b>6,296</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	65,000	-	-	-	32,967	5,962
Support services	624,594	-	1,102	384,754	500	-	-
Noninstructional services	-	-	877,523	-	-	-	-
Facilities acquisition and construction	-	-	38,102	-	-	211	-
Debt services	260,000	-	-	-	-	-	-
<b>Total disbursements</b>	<b>884,594</b>	<b>65,000</b>	<b>916,727</b>	<b>384,754</b>	<b>500</b>	<b>33,178</b>	<b>5,962</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>298,557</b>	<b>(4,476)</b>	<b>141,907</b>	<b>19,230</b>	<b>(500)</b>	<b>4,135</b>	<b>334</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	175	-	-	-
Transfers out	-	-	-	(175)	-	-	-
<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>298,557</b>	<b>(4,476)</b>	<b>141,907</b>	<b>19,230</b>	<b>(500)</b>	<b>4,135</b>	<b>334</b>
Cash and investments - beginning	77,452	52,435	141,485	196,124	500	6,358	-
Cash and investments - ending	\$ 376,009	\$ 47,959	\$ 283,392	\$ 215,354	\$ -	\$ 10,493	\$ 334
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 376,009	\$ 47,959	\$ 283,392	\$ 215,354	\$ -	\$ 10,493	\$ 334
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 376,009</b>	<b>\$ 47,959</b>	<b>\$ 283,392</b>	<b>\$ 215,354</b>	<b>\$ -</b>	<b>\$ 10,493</b>	<b>\$ 334</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	376,009	47,959	283,392	215,354	-	10,493	334
<b>Total cash and investment fund balance - ending</b>	<b>\$ 376,009</b>	<b>\$ 47,959</b>	<b>\$ 283,392</b>	<b>\$ 215,354</b>	<b>\$ -</b>	<b>\$ 10,493</b>	<b>\$ 334</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, 2009  
 (Continued)

	ESL, NWIESC	Title I 2007/2008	Title I 2008/2009	Innovative Education Program Strategies	Drug Free	Class Size Reduction
<b>Receipts:</b>						
Local sources	\$ 6,321	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	20,000	393,398	4,187	8,830	76,943
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>6,321</b>	<b>20,000</b>	<b>393,398</b>	<b>4,187</b>	<b>8,830</b>	<b>76,943</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	6,321	28,781	248,388	-	-	64,093
Support services	-	-	72,716	3,628	5,987	1,125
Noninstructional services	-	-	580	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>6,321</b>	<b>28,781</b>	<b>321,684</b>	<b>3,628</b>	<b>5,987</b>	<b>65,218</b>
Excess (deficiency) of receipts over disbursements	-	(8,781)	71,714	559	2,843	11,725
<b>Other financing sources (uses):</b>						
Transfers in	-	-	6,478	-	-	-
Transfers out	-	(6,478)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(6,478)</b>	<b>6,478</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(15,259)	78,192	559	2,843	11,725
Cash and investments - beginning	-	15,259	-	(559)	122	10,336
Cash and investments - ending	\$ -	\$ -	\$ 78,192	\$ -	\$ 2,965	\$ 22,061
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ -	\$ 78,192	\$ -	\$ 2,965	\$ 22,061
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 78,192</b>	<b>\$ -</b>	<b>\$ 2,965</b>	<b>\$ 22,061</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	78,192	-	2,965	22,061
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 78,192</b>	<b>\$ -</b>	<b>\$ 2,965</b>	<b>\$ 22,061</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, 2009  
 (Continued)

	Retirement/ Severance Bond	School Bus Replacement	Multi-School Building	Common School Technology	Common School Construction	Totals
<b>Receipts:</b>						
Local sources	\$ 403,575	\$ 46,407	\$ -	\$ -	\$ -	\$ 2,119,654
State sources	-	-	-	91,180	1,180,000	1,470,665
Federal sources	-	-	-	-	-	943,747
Temporary loans	390,000	70,000	-	-	-	905,000
Other	-	-	-	-	-	1,677
<b>Total receipts</b>	<b>793,575</b>	<b>116,407</b>	<b>-</b>	<b>91,180</b>	<b>1,180,000</b>	<b>5,440,743</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	451,512
Support services	-	76,433	-	112,463	-	1,283,302
Noninstructional services	-	-	-	-	-	878,103
Facilities acquisition and construction	-	-	112,204	-	1,180,000	1,330,517
Debt services	808,691	40,000	-	-	-	1,108,691
<b>Total disbursements</b>	<b>808,691</b>	<b>116,433</b>	<b>112,204</b>	<b>112,463</b>	<b>1,180,000</b>	<b>5,052,125</b>
Excess (deficiency) of receipts over disbursements	(15,116)	(26)	(112,204)	(21,283)	-	388,618
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	6,653
Transfers out	-	-	-	-	-	(6,653)
<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	(15,116)	(26)	(112,204)	(21,283)	-	388,618
Cash and investments - beginning	19,448	57,190	112,204	-	-	688,354
Cash and investments - ending	<u>4,332</u>	<u>57,164</u>	<u>-</u>	<u>(21,283)</u>	<u>-</u>	<u>1,076,972</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ 57,164	\$ -	\$ (21,283)	\$ -	\$ 1,072,640
Restricted assets:						
Cash and investments	4,332	-	-	-	-	4,332
<b>Total cash and investment assets - ending</b>	<u>\$ 4,332</u>	<u>\$ 57,164</u>	<u>\$ -</u>	<u>\$ (21,283)</u>	<u>\$ -</u>	<u>\$ 1,076,972</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Debt service	\$ 4,332	\$ -	\$ -	\$ -	\$ -	\$ 4,332
Unrestricted	-	57,164	-	(21,283)	-	1,072,640
<b>Total cash and investment fund balance - ending</b>	<u>\$ 4,332</u>	<u>\$ 57,164</u>	<u>\$ -</u>	<u>\$ (21,283)</u>	<u>\$ -</u>	<u>\$ 1,076,972</u>

GRIFFITH PUBLIC SCHOOLS  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2008

	<u>Payroll Clearing</u>
Additions:	
Agency fund additions	<u>\$ 4,506,423</u>
Deductions:	
Agency fund deductions	<u>4,417,385</u>
Excess (deficiency) of total additions over total deductions	89,038
Cash and investment fund balance - beginning	<u>275,914</u>
Cash and investment fund balance - ending	<u><u>\$ 364,952</u></u>

GRIFFITH PUBLIC SCHOOLS  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2009

	<u>Payroll Clearing</u>
Additions: Agency fund additions	<u>\$ 4,726,527</u>
Deductions: Agency fund deductions	<u>4,816,895</u>
Excess (deficiency) of total additions over total deductions	(90,368)
Cash and investment fund balance - beginning	<u>364,952</u>
Cash and investment fund balance - ending	<u><u>\$ 274,584</u></u>

GRIFFITH PUBLIC SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended June 30, 2009

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	\$ 61,305,708
Improvements other than buildings	3,551,080
Machinery and equipment	<u>2,787,983</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 67,644,771</u>

GRIFFITH PUBLIC SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2009

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 refund 2005	\$ 16,755,550	\$ 1,322,000
Ready refund 2008	3,752,112	577,000
Notes and loans payable:		
Veterans Memorial Loan (state)	386,100	32,461
Common School Loans (state)	16,071,155	1,935,699
Tax Anticipation Warrants	4,723,000	4,871,393
Bonds payable:		
General obligation bonds:		
Wadsworth 1999	400,000	119,175
Pension Bond	4,315,000	405,152
<b>Total governmental activities debt</b>	<b>\$ 46,402,917</b>	<b>\$ 9,262,880</b>

GRIFFITH PUBLIC SCHOOLS  
AUDIT RESULTS AND COMMENTS

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

Records were not presented for audit to support the 2007-2008 ADM claimed by the School Corporation. The School Corporation 2008-2009 ADM supporting records agreed to the State ADM count.

IC 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 163, September 2003, and Volume 182, June 2008)

RECEIPT ISSUANCE

Receipts were not issued to students when payments were made for school lunch.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

GRIFFITH PUBLIC SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

ACCOUNTING FOR INVESTMENT ACTIVITY - HIGH SCHOOL EXTRA-CURRICULAR

We noted the following deficiencies while reviewing the certificates of deposit:

1. Interest earned on investments in some instances was automatically added to the principal and not recorded in the records.
2. Supporting documentation indicated the investment rolled from one maturity date to the next without evidence that the investment was receiving the highest yield possible or in compliance with IC 5-13-9-4.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

IC 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."

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Griffith Public Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

As described in item 2009-1 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding cash management that are applicable to its Title I Grants to Local Educational Agencies. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2009-2.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in item 2009-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 28, 2010

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-08	Total Federal Awards Expended 06-30-09
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	SY 2007-2008	\$ 86,291	\$ -
		SY 2008-2009	-	87,265
National School Lunch Program	10.555	SY 2007-2008	356,692	-
		SY 2008-2009	-	364,407
Total for cluster			<u>442,983</u>	<u>451,672</u>
Fresh Fruit and Vegetable Program	10.582	SY 2007-2008	13,971	-
		SY 2008-2009	-	30,243
Total for program			<u>13,971</u>	<u>30,243</u>
Total for federal grantor agency			<u>456,954</u>	<u>481,915</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster	84.010			
Title I Grants to Local Educational Agencies		SY 2006-2007	37,909	-
		SY 2007-2008	83,234	35,259
		SY 2008-2009	-	321,684
Total for cluster			<u>121,143</u>	<u>356,943</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF)	84.394			
Education State Grants			-	643,167
Total for cluster			<u>-</u>	<u>643,167</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186			
		06-4700	5,760	122
		07-4700	-	5,865
Total for program			<u>5,760</u>	<u>5,987</u>
State Grants for Innovative Programs	84.298			
		06-4700	2,652	-
		07-4700	2,559	3,628
Total for program			<u>5,211</u>	<u>3,628</u>
Pass-Through Northwest Indiana Education Service Center				
English Language Acquisition Grants	84.365	SY 2007-2008	2,782	-
Pass-Through Indiana Department of Education				
English Language Acquisition Grants	84.365			
		SY 2006-2007	4,391	-
		SY 2007-2008	6,975	-
		SY 2008-2009	-	5,962
Total for program			<u>14,148</u>	<u>5,962</u>
Improving Teacher Quality State Grants	84.367			
Title II, Part A		06-4700	24,111	-
		07-4700	27,919	30,337
		08-4700	-	34,881
Total for program			<u>52,030</u>	<u>65,218</u>
Total for federal grantor agency			<u>198,292</u>	<u>1,080,905</u>
Total federal awards expended			<u>\$ 655,246</u>	<u>\$ 1,562,820</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

GRIFFITH PUBLIC SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Griffith Public Schools (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	2008	2009
Child Nutrition Cluster	\$ 49,676	\$ 48,967

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Type of auditor's report issued on compliance for major programs:  
Unqualified for all programs except Title I, which was qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster  
Title I, Part A Cluster  
State Fiscal Stabilization Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2009-1, CASH MANAGEMENT

Federal Agency: U.S. Department of Education  
Pass-Through Entity: Indiana Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010

The School Corporation determines cash needs for the grant during the application process with the State of Indiana. A cash request schedule is determined and submitted to the State of Indiana at the beginning of the grant period based on anticipated monthly needs. School Corporation Officials are to ensure minimal time elapses between the receipt of funds requested and their subsequent disbursement. However, when actual grant activity does not occur as timely as expected, School Corporation Officials do not have procedures in place to ensure any month end grant balances plus the next scheduled grant drawdown does not exceed the monthly need.

A review of the Title I Grant (Fund 4180), from July 1, 2007 to September 30, 2008, indicated that 10 of 15 months during the 2007-2008 grant year had an excessive cash balance at month end which ranged from \$14,839 to \$31,298. Furthermore, the pass-through entity required quarterly report states: "Please reduce our next available distribution by." However, none of the three quarterly reports reviewed indicated a reduction of the next available distribution. Additionally, the quarterly report states: "Your cash balance at the end of each quarter should be zero (0) or as near zero (0) as possible." The ending cash balances for the second, third, and fourth quarter were \$24,618, \$15,680, and \$15,259, respectively.

A review of the Title I Grant (Fund 4190), from July 1, 2008 to June 30, 2009, indicated that 4 of 12 months during the 2008-2009 grant year had an excessive cash balance at month end which ranged from \$59,798 to \$78,193. Furthermore, the pass-through entity required quarterly report states: "Please reduce our next available distribution by." However, none of the three quarterly reports reviewed indicated a reduction of the next available distribution. Additionally, the quarterly report states: "Your cash balance at the end of each quarter should be zero (0) or as near zero (0) as possible." The ending cash balances for the third and fourth quarter were \$60,773, and \$78,193, respectively.

EDGAR 80.20 states in part:

"(b) The financial management systems of other grantees and subgrantees must meet the following standards: . . .

(7) Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used . . . Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

We recommended the School Corporation implement procedures to match their drawdown requests to the budgeted monthly expenditures, with the goal to minimize the amount of cash on hand at the end of the month

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

FINDING 2009-2, ELIGIBILITY VERIFICATION

Federal Agency: U.S. Department of Agriculture  
Pass-Through Entity: Indiana Department of Education  
Federal Program: School Nutrition Cluster  
CFDA Numbers: 10.553, 10.555

The School Corporation determines the school lunch free and reduced eligibility during the application process using the federal income eligibility guidelines. A 3% verification of the approved free and reduced applications was performed by the School Corporation. However, 17% of the verified applications did not meet the guideline criteria.

EDGAR 80.40 states in part:

"(a) Monitoring by grantees. Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

7 CFR 245.6a(a) states in part:

"Local educational agencies may choose to verify up to 100 percent of all applications to improve program integrity."

7 CFR 2456a states in part:

"(e) Adverse action. If verification activities fail to confirm eligibility for free or reduced price benefits or should the household fail to cooperate with verification efforts, the school or local educational agency shall reduce or terminate benefits, as applicable, as follows: Ten days advance notification shall be provided to households that are to receive a reduction or termination of benefits, prior to the actual reduction or termination. The first Day of the 10 day advance notice period shall be the day the notice is sent. The notice shall advise the household of (1) the change; (2) The reasons for the change; (3) Notification of the right to appeal and when the appeal must be filed to ensure continued benefits while awaiting a hearing and decision; (4) Instructions on how to appeal; and (5) The right to reapply at any time during the school year. The reasons for ineligibility shall be properly documented and retained on file at the local educational agency."

We recommended the School Corporation implement procedures that comply with requirements and which will increase the accuracy of the verifications.

GRIFFITH PUBLIC SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



# Griffith Public Schools

P.O. Box 749 Griffith, Indiana 46319-2289  
Ph. (219) 924-4250 Fax (219) 922-5933 www.griffith.k12.in.us

## Board of School Trustees

Richard C. Anderson, President  
Timothy Owczarzak, Second Vice President  
Richard Muha, Assistant Secretary  
Margaret Garastik, First Vice President  
Daniel Govert, Secretary  
Michael D. Dobosz, Attorney

Audit Period: JULY 1, 2007 to JUNE 30, 2009

### FINDING 2009-1, CASH MANAGEMENT

Federal Agency: U.S. Department of Education  
Pass-Through Entity: Indiana Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010

The Griffith Public Schools will correct excessive cash balances through the following measures:

- Each month, cash balances will be checked against the maximum allowable cash threshold for the grant.
- If the cash balance is excessive, or over the maximum threshold, the Business Manager will prepare and submit a revised cash request form.

### FINDING 2009-2, VERIFICATION

Federal Agency: U.S. Department of Agriculture  
Pass-Through Entity: Indiana Department of Education  
Federal Program: School Nutrition Cluster  
CFDA Numbers: 10.553, 10.555

The Griffith Public Schools will correct the excessive error rate on the 3% verification process through the following measures:

- The Foodservice Director will present the 3% verification applications to the Business Manager for review. The Business Manager will test a sample for accuracy.

Jeannette E. Bapst  
Business Manager

Date

Peter N. Morikis, Superintendent  
Roberta Dragomer, Technology Director  
Karen Gierman, Superintendent's Secretary  
Betty Schultz, Accounts Payable

Gary J. Sutton, Assistant to the Superintendent  
Jeannette E. Bapst, Business Manager  
Toni Loomis, Payroll Supervisor  
Denise Buehler, Receptionist/Secretary

GRIFFITH PUBLIC SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on January 28, 2010, with Peter Morikis, Superintendent of Schools; Richard Anderson, President of the School Board; and Jeannette Bapst, Treasurer. The officials concurred with our audit findings.