

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF GRIFFITH
LAKE COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
07/09/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	William Broderick (Deceased)	01-01-12 to 02-12-12
	Sue Katona (Interim)	02-13-12 to 03-13-12
	George N. Jerome	03-14-12 to 12-31-15
President of the Town Council	Glen Gaby	01-01-12 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF GRIFFITH, LAKE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Town of Griffith (Town), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the year ended December 31, 2012.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 23, 2013, on our consideration of the Town'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 integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. 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 financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.



Bruce Hartman
State Examiner

April 23, 2013



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF GRIFFITH, LAKE COUNTY, INDIANA

We have audited, 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, the financial statement of the Town of Griffith (Town), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated April 23, 2013, wherein we noted the Town followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

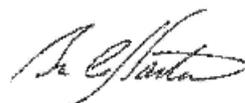
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statement is 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Hartman
State Examiner

April 23, 2013

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Town. The financial statement and notes are presented as intended by the Town.

TOWN OF GRIFFITH
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General Fund	\$ 507,768	\$ 5,994,695	\$ 5,801,945	\$ 700,518
Motor Vehicle Highway	232,164	759,681	757,128	234,717
Local Road & Street	226,035	163,464	125,061	264,438
Law Enforce Cont Ed	51,357	18,117	12,542	56,932
Casino Gaming	359,202	528,214	421,473	465,943
Park & Recreation	47,011	223,666	204,874	65,803
Rainy Day Fund	250,000	-	-	250,000
Federal Asset Forfeit	47,459	55	46,481	1,033
Excess Welfare Distribution	31,782	-	2,332	29,450
Cumulative Cap Improve	123,939	52,037	16,203	159,773
Police Equipment NR	9,350	10,309	12,939	6,720
Cum Building & Equipment	447,212	119,630	124,420	442,422
General Improvement	102,466	-	-	102,466
Pay Ind Police Pension 25	228,859	446,574	455,099	220,334
Recycling Grant	94,051	95,897	159,779	30,169
Moving Violations Bureau	712	12,927	11,849	1,790
Asset Forfeit 34-4-30.5NR	528	429	-	957
Vandalism Reward	500	-	-	500
2% Engineer Review Fee	15,441	-	-	15,441
Tourism Innkeeper Tax	2,513	9,450	2,727	9,236
Infraction Deferral	3,854	46,042	46,426	3,470
Unsafe Building NR	44,210	10,589	26,685	28,114
Redevelopment NR	93,791	31,776	100,965	24,602
Building Escrow	19,250	10,285	4,925	24,610
GO Bond 2009 Sinking	42,989	88,987	69,744	62,232
GO Bond 2010 Sinking	77,787	176,305	194,579	59,513
Lease Rental Bld Corp	70,040	167,705	101,033	136,712
Sanitary Sewer Sinking	175,824	422,128	402,647	195,305
Park District Sinking	44,847	62,084	108,060	(1,129)
Storm Water Sinking	311,306	607,869	589,664	329,511
Park Capital Donate	5,764	-	-	5,764
Gun Range Interlocal	(238)	40,393	34,621	5,534
Fire Dept Donation Equip	59,450	19,587	10,412	68,625
Fire Grant Interlocal	-	394,477	394,477	-
Police Donation	5,737	59,139	14,995	49,881
VEST Donation	890	300	865	325
Senior Center NR	2,060	16,865	16,799	2,126
Redevlp Brochure Donation	500	-	-	500
SWAT Donation	537	1,250	229	1,558
Explorer Donation	1,957	5,094	1,016	6,035
Fuel Fund Interlocal	17,630	63,613	52,728	28,515
PetSmart Grant 2008	569	-	-	569
CN RR Mitigation	2,799,789	-	1,553,139	1,246,650
Downtown Revitalization	2,466	30,373	1,997	30,842
Cash Drawer #2	200	-	-	200
Cash Drawer #1	200	-	-	200
Rock n Rails	18,253	51,516	42,994	26,775

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

TOWN OF GRIFFITH
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Franklin Center NR	27,498	134,683	96,751	65,430
Crime Prevention NR	-	50	2,866	(2,816)
GSEC Special Events NR	-	14,535	2,411	12,124
TIF District #1 Mall	835,326	399,844	612,491	622,679
Payroll Direct Dep Net	-	3,212,369	3,212,369	-
Payroll Federal w/h	-	535,045	535,045	-
Payroll FICA	-	215,535	215,535	-
Payroll Medicare	-	105,438	105,438	-
Payroll State w/h	-	141,700	141,700	-
Payroll PERF	-	237,118	237,118	-
Payroll Police PERF 1977	155	370,558	370,154	559
Payroll Vol PERF	-	9,303	9,303	-
Payroll Self Insurance	426,293	1,636,071	1,419,455	642,909
Payroll Teamster Insurance	-	225,144	225,144	-
Payroll Colonial Insurance	-	276	276	-
Payroll AFLAC Ins	-	12,345	12,345	-
Payroll Unum Ins	-	3,819	3,819	-
Payroll Union Dues	-	9,588	9,588	-
Payroll Humana Ins	-	4,828	4,828	-
Payroll FOP Dues	-	3,300	3,300	-
Payroll Deferred Comp 457	-	38,170	38,170	-
Pay Vehicle Assess	-	960	960	-
Payroll Child Support	-	51,199	51,199	-
Pay Garn American Rev	-	290	290	-
Pay Garn Household Finance	-	3,698	3,698	-
Pay Garn Capital One	-	1,128	1,128	-
Pay Garn United Federal C	-	219	219	-
Pay Garn Asset Accept	-	3,250	3,250	-
Pay Garn Advance fcu	-	1,585	1,585	-
Pay Garnish Olena	-	397	397	-
Pay Garn Chapter 13	-	15,420	15,420	-
Health Benefit Claims	111,241	1,175,007	1,268,214	18,034
Storm Utility Operating	306,674	112,667	190,469	228,872
Storm Utility Capital	1,199,099	543,000	130,107	1,611,992
Sewer Utility Operating	3,888	2,154,855	1,995,066	163,677
Sewer Consumer Deposit	95,269	7,725	5,845	97,149
Sewer Utility Capital	10,603	28,080	10,461	28,222
Water Utility Operating	5,962	1,387,289	1,656,989	(263,738)
Water Consumer Deposits	100,070	7,925	6,025	101,970
Water Util Improvement	(65,357)	61,520	38,329	(42,166)
Water Utility Sinking	28,626	396,066	89,785	334,907
Water Util Debt Reserve	406,998	-	-	406,998
Water Utility 2010 Loan	-	60,000	60,000	-
Totals	<u>\$ 10,070,356</u>	<u>\$ 24,063,521</u>	<u>\$ 24,711,394</u>	<u>\$ 9,422,483</u>

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

TOWN OF GRIFFITH
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, trash, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the Town.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

TOWN OF GRIFFITH
NOTES TO FINANCIAL STATEMENT
(Continued)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, recycling fees, park rental fees, cable TV receipts, ordinance violations, and fines and fees.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

TOWN OF GRIFFITH
NOTES TO FINANCIAL STATEMENT
(Continued)

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

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

State statutes authorize the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF GRIFFITH
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

The Town may be 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; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The

TOWN OF GRIFFITH
NOTES TO FINANCIAL STATEMENT
(Continued)

plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. *1977 Police Officers' and Firefighters' Pension and Disability Fund*

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the Town are established by the Board of Trustees of INPRS.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of uncorrected errors, expenditures charged to funds with insufficient cash balances and funds with insufficient current revenues to cover current expenditures.

TOWN OF GRIFFITH
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporation*

The Town has entered into a capital lease with the Griffith Public Works Building Corporation (the lessor). The lessor was organized as a not for profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the Town. The lessor has been determined to be a related party of the Town. Lease payments during the year 2012 totaled \$100,533.

Note 9. *Subsequent Event*

The Griffith Town Council approved rate increases effective April 1, 2013, for the Water Utility, including water consumption and hydrant rental, and the Wastewater Utility.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the Town which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF GRIFFITH
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	General Fund	Motor Vehicle Highway	Local Road & Street	Law Enforce Cont Ed	Casino Gaming	Park & Recreation	Rainy Day Fund
Cash and investments - beginning	\$ 507,768	\$ 232,164	\$ 226,035	\$ 51,357	\$ 359,202	\$ 47,011	\$ 250,000
Receipts:							
Taxes	3,868,190	263,073	-	-	-	152,906	-
Licenses and permits	551,372	1,450	-	7,445	-	-	-
Intergovernmental	389,612	481,044	163,132	-	527,386	13,563	-
Charges for services	1,017,733	4,575	-	6,671	-	49,009	-
Fines and forfeits	90,369	-	-	3,999	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	77,419	9,539	332	2	828	8,188	-
Total receipts	<u>5,994,695</u>	<u>759,681</u>	<u>163,464</u>	<u>18,117</u>	<u>528,214</u>	<u>223,666</u>	<u>-</u>
Disbursements:							
Personal services	4,006,375	412,166	-	-	-	108,176	-
Supplies	226,430	100,567	65,088	-	-	19,596	-
Other services and charges	1,553,300	244,005	59,973	12,014	405,384	61,392	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	15,840	390	-	528	16,089	15,710	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>5,801,945</u>	<u>757,128</u>	<u>125,061</u>	<u>12,542</u>	<u>421,473</u>	<u>204,874</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>192,750</u>	<u>2,553</u>	<u>38,403</u>	<u>5,575</u>	<u>106,741</u>	<u>18,792</u>	<u>-</u>
Cash and investments - ending	<u>\$ 700,518</u>	<u>\$ 234,717</u>	<u>\$ 264,438</u>	<u>\$ 56,932</u>	<u>\$ 465,943</u>	<u>\$ 65,803</u>	<u>\$ 250,000</u>

TOWN OF GRIFFITH
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Federal Asset Forfeit	Excess Welfare Distribution	Cumulative Cap Improve	Police Equipment NR	Cum Building & Equipment	General Improvement	Pay Ind Police Pension 25
Cash and investments - beginning	\$ 47,459	\$ 31,782	\$ 123,939	\$ 9,350	\$ 447,212	\$ 102,466	\$ 228,859
Receipts:							
Taxes	-	-	-	-	109,693	-	-
Licenses and permits	-	-	-	325	-	-	-
Intergovernmental	-	-	44,805	-	9,730	-	446,574
Charges for services	-	-	7,020	8,559	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	55	-	212	1,425	207	-	-
Total receipts	55	-	52,037	10,309	119,630	-	446,574
Disbursements:							
Personal services	-	-	-	-	-	-	455,099
Supplies	-	-	-	-	-	-	-
Other services and charges	46,481	2,332	69	-	-	-	-
Debt service - principal and interest	-	-	-	-	69,888	-	-
Capital outlay	-	-	16,134	12,939	54,532	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	46,481	2,332	16,203	12,939	124,420	-	455,099
Excess (deficiency) of receipts over disbursements	(46,426)	(2,332)	35,834	(2,630)	(4,790)	-	(8,525)
Cash and investments - ending	\$ 1,033	\$ 29,450	\$ 159,773	\$ 6,720	\$ 442,422	\$ 102,466	\$ 220,334

TOWN OF GRIFFITH
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Recycling Grant	Moving Violations Bureau	Asset Forfeit 34-4-30.5NR	Vandalism Reward	2% Engineer Review Fee	Tourism Innkeeper Tax	Infraction Deferral
Cash and investments - beginning	\$ 94,051	\$ 712	\$ 528	\$ 500	\$ 15,441	\$ 2,513	\$ 3,854
Receipts:							
Taxes	95,796	-	-	-	-	9,450	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	429	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	12,927	-	-	-	-	46,042
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	101	-	-	-	-	-	-
Total receipts	<u>95,897</u>	<u>12,927</u>	<u>429</u>	<u>-</u>	<u>-</u>	<u>9,450</u>	<u>46,042</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	137,411	11,849	-	-	-	2,727	46,426
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	22,368	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>159,779</u>	<u>11,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,727</u>	<u>46,426</u>
Excess (deficiency) of receipts over disbursements	<u>(63,882)</u>	<u>1,078</u>	<u>429</u>	<u>-</u>	<u>-</u>	<u>6,723</u>	<u>(384)</u>
Cash and investments - ending	<u>\$ 30,169</u>	<u>\$ 1,790</u>	<u>\$ 957</u>	<u>\$ 500</u>	<u>\$ 15,441</u>	<u>\$ 9,236</u>	<u>\$ 3,470</u>

TOWN OF GRIFFITH
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Unsafe Building NR	Redevelopment NR	Building Escrow	GO Bond 2009 Sinking	GO Bond 2010 Sinking	Lease Rental Bld Corp	Sanitary Sewer Sinking
Cash and investments - beginning	\$ 44,210	\$ 93,791	\$ 19,250	\$ 42,989	\$ 77,787	\$ 70,040	\$ 175,824
Receipts:							
Taxes	-	-	-	81,676	161,928	154,719	388,949
Licenses and permits	10,589	31,776	-	-	-	-	-
Intergovernmental	-	-	-	7,245	14,363	12,973	32,601
Charges for services	-	-	10,285	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	66	14	13	578
Total receipts	<u>10,589</u>	<u>31,776</u>	<u>10,285</u>	<u>88,987</u>	<u>176,305</u>	<u>167,705</u>	<u>422,128</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	6,509	-	-	-	-	-
Other services and charges	26,685	38,230	4,925	-	500	500	-
Debt service - principal and interest	-	-	-	69,744	194,079	100,533	402,647
Capital outlay	-	56,226	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>26,685</u>	<u>100,965</u>	<u>4,925</u>	<u>69,744</u>	<u>194,579</u>	<u>101,033</u>	<u>402,647</u>
Excess (deficiency) of receipts over disbursements	<u>(16,096)</u>	<u>(69,189)</u>	<u>5,360</u>	<u>19,243</u>	<u>(18,274)</u>	<u>66,672</u>	<u>19,481</u>
Cash and investments - ending	<u>\$ 28,114</u>	<u>\$ 24,602</u>	<u>\$ 24,610</u>	<u>\$ 62,232</u>	<u>\$ 59,513</u>	<u>\$ 136,712</u>	<u>\$ 195,305</u>

TOWN OF GRIFFITH
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Park District Sinking	Storm Water Sinking	Park Capital Donate	Gun Range Interlocal	Fire Dept Donation Equip	Fire Grant Interlocal	Police Donation
Cash and investments - beginning	\$ 44,847	\$ 311,306	\$ 5,764	\$ (238)	\$ 59,450	\$ -	\$ 5,737
Receipts:							
Taxes	57,252	514,345	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	4,802	43,131	-	-	-	394,477	11,590
Charges for services	-	50,000	-	40,000	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	30	393	-	393	19,587	-	47,549
Total receipts	<u>62,084</u>	<u>607,869</u>	<u>-</u>	<u>40,393</u>	<u>19,587</u>	<u>394,477</u>	<u>59,139</u>
Disbursements:							
Personal services	-	-	-	2,000	-	-	-
Supplies	-	-	-	6,755	6,213	-	-
Other services and charges	500	500	-	11,705	1,090	-	3,405
Debt service - principal and interest	107,560	589,164	-	-	-	-	-
Capital outlay	-	-	-	14,161	3,109	394,477	11,590
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>108,060</u>	<u>589,664</u>	<u>-</u>	<u>34,621</u>	<u>10,412</u>	<u>394,477</u>	<u>14,995</u>
Excess (deficiency) of receipts over disbursements	<u>(45,976)</u>	<u>18,205</u>	<u>-</u>	<u>5,772</u>	<u>9,175</u>	<u>-</u>	<u>44,144</u>
Cash and investments - ending	<u>\$ (1,129)</u>	<u>\$ 329,511</u>	<u>\$ 5,764</u>	<u>\$ 5,534</u>	<u>\$ 68,625</u>	<u>\$ -</u>	<u>\$ 49,881</u>

TOWN OF GRIFFITH
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	VEST Donation	Senior Center NR	Redevlp Brochure Donation	SWAT Donation	Explorer Donation	Fuel Fund Interlocal	PetSmart Grant 2008
Cash and investments - beginning	\$ 890	\$ 2,060	\$ 500	\$ 537	\$ 1,957	\$ 17,630	\$ 569
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	14,545	-	-	-	63,613	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	300	2,320	-	1,250	5,094	-	-
Total receipts	<u>300</u>	<u>16,865</u>	<u>-</u>	<u>1,250</u>	<u>5,094</u>	<u>63,613</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	2,987	-	-	1,016	52,728	-
Other services and charges	-	12,015	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	865	1,797	-	229	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>865</u>	<u>16,799</u>	<u>-</u>	<u>229</u>	<u>1,016</u>	<u>52,728</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(565)</u>	<u>66</u>	<u>-</u>	<u>1,021</u>	<u>4,078</u>	<u>10,885</u>	<u>-</u>
Cash and investments - ending	<u>\$ 325</u>	<u>\$ 2,126</u>	<u>\$ 500</u>	<u>\$ 1,558</u>	<u>\$ 6,035</u>	<u>\$ 28,515</u>	<u>\$ 569</u>

TOWN OF GRIFFITH
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	CN RR Mitigation	Downtown Revitalization	Cash Drawer #2	Cash Drawer #1	Rock n Rails	Franklin Center NR	Crime Prevention NR
Cash and investments - beginning	\$ 2,799,789	\$ 2,466	\$ 200	\$ 200	\$ 18,253	\$ 27,498	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	550	-	-	22,389	131,699	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	29,823	-	-	29,127	2,984	50
Total receipts	<u>-</u>	<u>30,373</u>	<u>-</u>	<u>-</u>	<u>51,516</u>	<u>134,683</u>	<u>50</u>
Disbursements:							
Personal services	-	-	-	-	-	-	2,866
Supplies	-	138	-	-	15,812	-	-
Other services and charges	244,409	1,859	-	-	27,182	37,142	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,308,730	-	-	-	-	59,609	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>1,553,139</u>	<u>1,997</u>	<u>-</u>	<u>-</u>	<u>42,994</u>	<u>96,751</u>	<u>2,866</u>
Excess (deficiency) of receipts over disbursements	<u>(1,553,139)</u>	<u>28,376</u>	<u>-</u>	<u>-</u>	<u>8,522</u>	<u>37,932</u>	<u>(2,816)</u>
Cash and investments - ending	<u>\$ 1,246,650</u>	<u>\$ 30,842</u>	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 26,775</u>	<u>\$ 65,430</u>	<u>\$ (2,816)</u>

TOWN OF GRIFFITH
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	GSEC Special Events NR	TIF District #1 Mall	Payroll Direct Dep Net	Payroll Federal w/h	Payroll FICA	Payroll Medicare	Payroll State w/h
Cash and investments - beginning	\$ -	\$ 835,326	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	373,560	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	14,535	26,284	3,212,369	535,045	215,535	105,438	141,700
Total receipts	<u>14,535</u>	<u>399,844</u>	<u>3,212,369</u>	<u>535,045</u>	<u>215,535</u>	<u>105,438</u>	<u>141,700</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	2,411	-	-	-	-	-	-
Other services and charges	-	5,843	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	606,648	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	3,212,369	535,045	215,535	105,438	141,700
Total disbursements	<u>2,411</u>	<u>612,491</u>	<u>3,212,369</u>	<u>535,045</u>	<u>215,535</u>	<u>105,438</u>	<u>141,700</u>
Excess (deficiency) of receipts over disbursements	<u>12,124</u>	<u>(212,647)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 12,124</u>	<u>\$ 622,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF GRIFFITH
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Payroll PERF	Payroll Police PERF 1977	Payroll Vol PERF	Payroll Self Insurance	Payroll Teamster Insurance	Payroll Colonial Insurance	Payroll AFLAC Ins
Cash and investments - beginning	\$ -	\$ 155	\$ -	\$ 426,293	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	237,118	370,558	9,303	1,636,071	225,144	276	12,345
Total receipts	<u>237,118</u>	<u>370,558</u>	<u>9,303</u>	<u>1,636,071</u>	<u>225,144</u>	<u>276</u>	<u>12,345</u>
Disbursements:							
Personal services	-	-	-	1,419,455	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	237,118	370,154	9,303	-	225,144	276	12,345
Total disbursements	<u>237,118</u>	<u>370,154</u>	<u>9,303</u>	<u>1,419,455</u>	<u>225,144</u>	<u>276</u>	<u>12,345</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>404</u>	<u>-</u>	<u>216,616</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 559</u>	<u>\$ -</u>	<u>\$ 642,909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF GRIFFITH
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Payroll Unum Ins	Payroll Union Dues	Payroll Humana Ins	Payroll FOP Dues	Payroll Deferred Comp 457	Pay Vehicle Assess	Payroll Child Support
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	3,819	9,588	4,828	3,300	38,170	960	51,199
Total receipts	<u>3,819</u>	<u>9,588</u>	<u>4,828</u>	<u>3,300</u>	<u>38,170</u>	<u>960</u>	<u>51,199</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	3,819	9,588	4,828	3,300	38,170	960	51,199
Total disbursements	<u>3,819</u>	<u>9,588</u>	<u>4,828</u>	<u>3,300</u>	<u>38,170</u>	<u>960</u>	<u>51,199</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF GRIFFITH
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Pay Garn American Rev	Pay Garn Household Finance	Pay Garn Capital One	Pay Garn United Federal C	Pay Garn Asset Accept	Pay Garn Advance fcu	Pay Garnish Olona
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	290	3,698	1,128	219	3,250	1,585	397
Total receipts	<u>290</u>	<u>3,698</u>	<u>1,128</u>	<u>219</u>	<u>3,250</u>	<u>1,585</u>	<u>397</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	290	3,698	1,128	219	3,250	1,585	397
Total disbursements	<u>290</u>	<u>3,698</u>	<u>1,128</u>	<u>219</u>	<u>3,250</u>	<u>1,585</u>	<u>397</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF GRIFFITH
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Pay Garn Chapter 13	Health Benefit Claims	Storm Utility Operating	Storm Utility Capital	Sewer Utility Operating	Sewer Consumer Deposit	Sewer Utility Capital
Cash and investments - beginning	\$ -	\$ 111,241	\$ 306,674	\$ 1,199,099	\$ 3,888	\$ 95,269	\$ 10,603
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	95,270	543,000	2,107,809	-	28,080
Penalties	-	-	16,492	-	45,361	-	-
Other receipts	15,420	1,175,007	905	-	1,685	7,725	-
Total receipts	<u>15,420</u>	<u>1,175,007</u>	<u>112,667</u>	<u>543,000</u>	<u>2,154,855</u>	<u>7,725</u>	<u>28,080</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	130,107	-	-	10,461
Utility operating expenses	-	-	190,469	-	1,995,066	-	-
Other disbursements	15,420	1,268,214	-	-	-	5,845	-
Total disbursements	<u>15,420</u>	<u>1,268,214</u>	<u>190,469</u>	<u>130,107</u>	<u>1,995,066</u>	<u>5,845</u>	<u>10,461</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(93,207)</u>	<u>(77,802)</u>	<u>412,893</u>	<u>159,789</u>	<u>1,880</u>	<u>17,619</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 18,034</u>	<u>\$ 228,872</u>	<u>\$ 1,611,992</u>	<u>\$ 163,677</u>	<u>\$ 97,149</u>	<u>\$ 28,222</u>

TOWN OF GRIFFITH
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Water Utility Operating	Water Consumer Deposits	Water Util Improvement	Water Utility Sinking	Water Util Debt Reserve	Water Utility 2010 Loan	Totals
Cash and investments - beginning	\$ 5,962	\$ 100,070	\$ (65,357)	\$ 28,626	\$ 406,998	\$ -	\$ 10,070,356
Receipts:							
Taxes	-	-	-	-	-	-	6,231,537
Licenses and permits	-	-	-	-	-	-	602,957
Intergovernmental	-	-	-	-	-	-	2,597,457
Charges for services	-	-	-	-	-	-	1,426,648
Fines and forfeits	-	-	-	-	-	-	153,337
Utility fees	1,366,000	-	61,520	396,000	-	60,000	4,657,679
Penalties	16,467	-	-	-	-	-	78,320
Other receipts	4,822	7,925	-	66	-	-	8,315,586
Total receipts	<u>1,387,289</u>	<u>7,925</u>	<u>61,520</u>	<u>396,066</u>	<u>-</u>	<u>60,000</u>	<u>24,063,521</u>
Disbursements:							
Personal services	-	-	-	-	-	-	6,406,137
Supplies	-	-	-	-	-	-	506,250
Other services and charges	-	-	-	-	-	-	2,999,853
Debt service - principal and interest	-	-	-	-	-	-	1,533,615
Capital outlay	-	-	38,329	-	-	-	2,790,868
Utility operating expenses	1,518,402	-	-	-	-	-	3,703,937
Other disbursements	138,587	6,025	-	89,785	-	60,000	6,770,734
Total disbursements	<u>1,656,989</u>	<u>6,025</u>	<u>38,329</u>	<u>89,785</u>	<u>-</u>	<u>60,000</u>	<u>24,711,394</u>
Excess (deficiency) of receipts over disbursements	<u>(269,700)</u>	<u>1,900</u>	<u>23,191</u>	<u>306,281</u>	<u>-</u>	<u>-</u>	<u>(647,873)</u>
Cash and investments - ending	<u>\$ (263,738)</u>	<u>\$ 101,970</u>	<u>\$ (42,166)</u>	<u>\$ 334,907</u>	<u>\$ 406,998</u>	<u>\$ -</u>	<u>\$ 9,422,483</u>

TOWN OF GRIFFITH
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2012

Government or Enterprise	Accounts Payable	Accounts Receivable
Storm Water	\$ 75	\$ 80,441
Wastewater	88,716	225,159
Water	44,734	167,674
Governmental activities	<u>106,466</u>	<u>59,272</u>
Totals	<u>\$ 239,991</u>	<u>\$ 532,546</u>

TOWN OF GRIFFITH
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Griffith Public Works Building Corp	Public works building & property senior center remodel	\$ 161,000	08-01-99	02-01-19
Ikon Office Solutions	Ricoh MP 3351 copier	1,104	07-21-11	07-21-16
Ikon Office Solutions	Ricoh MP 3351SP copier	<u>1,381</u>	03-30-11	03-30-14
Total governmental activities		<u>163,485</u>		
Total of annual lease payments		<u>\$ 163,485</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2009 Road projects	\$ 1,975,000	\$ 158,980
General obligation bonds	2010 Road projects	1,820,000	191,484
Notes and loans payable	Fire Truck Loan	<u>94,869</u>	<u>69,888</u>
Total governmental activities		<u>3,889,869</u>	<u>420,352</u>
Storm Water:			
General obligation bonds	Stormwater Improvements - tunnel project	<u>5,655,000</u>	<u>584,989</u>
Wastewater:			
General obligation bonds	Sanitary Sewer Improvements Refunding bond	<u>1,670,000</u>	<u>404,523</u>
Water:			
Revenue bonds	Water Improvements Refunding Bond	2,075,000	393,008
Notes and loans payable	2010 Water Improvement Loan	<u>143,477</u>	<u>55,267</u>
Total Water		<u>2,218,477</u>	<u>448,275</u>
Totals		<u>\$ 13,433,346</u>	<u>\$ 1,858,139</u>

TOWN OF GRIFFITH
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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.

	Ending Balance
Governmental activities:	
Land	\$ 1,249,591
Infrastructure	5,316,313
Buildings	9,809,329
Improvements other than buildings	1,791,862
Machinery, equipment, and vehicles	6,858,893
Total governmental activities	25,025,988
Storm Water:	
Land	35,994
Infrastructure	2,500,000
Machinery, equipment, and vehicles	114,442
Total Storm Water	2,650,436
Wastewater:	
Land	65,000
Infrastructure	11,832,210
Buildings	251,948
Improvements other than buildings	1,179,366
Machinery, equipment, and vehicles	313,658
Total Wastewater	13,642,182
Water:	
Land	9,750
Infrastructure	2,871,022
Buildings	1,694,438
Improvements other than buildings	621,292
Machinery, equipment, and vehicles	298,233
Total Water	5,494,735
Total capital assets	\$ 46,813,341

TOWN OF GRIFFITH
AUDIT RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

The Town paid \$1,046.25 in interest to First Midwest Bank on February 5, 2013, because the Town did not remit the 2003 Waterworks Revenue bond payment on a timely basis.

The Town also did not remit the total July 2012 semiannual lease rental payment on a timely basis to People's Bank. The total amount due was \$80,500; however, the Town paid only \$20,532.50. On February 5, 2013, the Town made the February 2013 semiannual payment of \$80,500 in addition to \$50,000 of the arrears amount from the July 2012 lease payment. The Town is currently \$9,667.50 in arrears for the July 2012 lease payment. They are currently in contact with the bank to resolve the issue. We could not determine at this time if any additional interest or penalties will be charged to the Town.

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

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

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

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of several funds. Some of the deficiencies include:

1. Posting errors that were not corrected totaling \$33,000.
2. Depository accounts that were not included in the fund balances totaling \$4,780.
3. Transfer transactions recorded as "negative" receipts and disbursements.

TOWN OF GRIFFITH
 AUDIT RESULTS AND COMMENTS
 (Continued)

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

OVERDRAWN CASH BALANCES

The financial statements presented in this report included the following funds with overdrawn cash balances at December 31, 2012:

Fund	Amount Overdrawn
Park District Sinking	\$ 1,129
Crime Prevention NR	2,816
Water Utility Operating	263,738
Water Util Improvement	42,166

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE TOWN OF GRIFFITH, LAKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Town of Griffith's (Town) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2012. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. 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 Town'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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Basis for Qualified Opinion on the Assistance to Firefighters Grant Program

As described in items 2012-02, 2012-03, and 2012-04 in the accompanying Schedule of Findings and Questioned Costs, the Town did not comply with requirements regarding cash management, level of effort, and suspension and debarment that are applicable to its Assistance to Firefighters Grant Program. Compliance with such requirements is necessary, in our opinion, for the Town to comply with requirements applicable to that program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Qualified Opinion on the Assistance to Firefighters Grant Program

In our opinion, except for the noncompliance described in the "Basis for Qualified Opinion" paragraph, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Assistance to Firefighters Grant Program for the year ended December 31, 2012.

Other Matters

The Town's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the type of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Town's internal control over compliance.

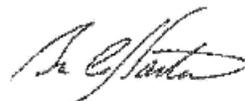
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2012-01 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

The Town's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Bruce Hartman
State Examiner

April 23, 2013

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the Town. The schedule and note are presented as intended by the Town.

TOWN OF GRIFFITH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. Department of Justice</u>				
Equitable Sharing Program	Direct Grant	16.922		<u>\$ 46,481</u>
<u>U.S. Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation			
Broad St Phase I		20.205	DES 0400713	3,225
Broad St Phase II		20.205	DES 0400712	187,720
Avenue H & S Arbogast		20.205	DES 0810299	72,320
Main St @ Wiggs Industrial Dr & CN Tracks		20.205	HES-99945 (OAB)	<u>896</u>
Total - Department of Transportation				<u>264,161</u>
<u>U.S. Department of Homeland Security</u>				
Assistance to Firefighters Grant Program	Direct Grant	97.044	EMW-2010-FR-00269	<u>394,477</u>
Total federal awards expended				<u>\$ 705,119</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF GRIFFITH
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Griffith and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

TOWN OF GRIFFITH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Qualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Program:

CFDA Number	Name of Federal Program
97.044	Assistance to Firefighters Grant Program

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.

TOWN OF GRIFFITH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-01 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE ASSISTANCE TO FIREFIGHTERS GRANT PROGRAM

Federal Agency: U.S. Department of Homeland Security
Federal Program: Assistance to Firefighters Grant Program
CFDA Number: 97.044
Federal Award Number and Year (or Other Identifying Number): EMW-2010-FR-00269

Management of the Town of Griffith has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect on the Assistance to Firefighters Grant Program. This includes the following compliance requirements: Allowable Activities, Allowable Costs, Cash Management, Matching, Level of Effort, Period of Availability, Procurement, Suspension and Debarment, and Reporting. The failure to establish an effective internal control system places the Town at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

The Griffith Fire Department received an Assistance to Firefighters Grant on behalf of the Town of Griffith and three neighboring communities' fire departments. After amending their application, the program ultimately benefitted eight local fire departments, including Griffith Fire Department. There was no evidence of proper oversight, reviews, or approvals of the grant application or amendments or of compliance with the provisions of the grant agreement.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance with grant provisions to go undetected. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the Town.

We recommended that the Town's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect on the program.

TOWN OF GRIFFITH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

***FINDING 2012-02 - ASSISTANCE TO FIREFIGHTERS GRANT
PROGRAM CASH MANAGEMENT REQUIREMENTS***

Federal Agency: U.S. Department of Homeland Security
Federal Program: Assistance to Firefighters Grant Program
CFDA Number: 97.044
Federal Award Number and Year (or Other Identifying Number): EMW-2010-FR-00269

The Assistance to Firefighters Grant receipts were drawn down when items were ordered, well in advance of the expenditure. Ninety-five percent of grant receipts in 2012 were received on February 23, 2012; however, the funds were not expended until May 16, 2012. Grant funds were on deposit an average of 89 days before they were expended for project costs.

As part of the grant agreement, the Griffith Fire Department was required to comply with the applicable administrative requirements found in 44 CFR Part 13. According to 44 CFR § 13.21(c): "Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee."

Surplus cash indicates noncompliance with the cash management requirement as set forth by the grant agreement. Additionally, failure to minimize the cash on hand may cause future funding to be reduced or cause the Town to be required to return part of the interest earned on these excess funds to the Federal Treasury.

We recommended that Town Officials develop and implement control procedures to ensure that the time between the receipt and disbursement of federal funds is minimized according to the grant requirements.

***FINDING 2012-03 - ASSISTANCE TO FIREFIGHTERS GRANT
PROGRAM LEVEL OF EFFORT REQUIREMENTS***

Federal Agency: U.S. Department of Homeland Security
Federal Program: Assistance to Firefighters Grant Program
CFDA Number: 97.044
Federal Award Number and Year (or Other Identifying Number): EMW-2010-FR-00269

The Griffith Fire Department administered the Assistance to Firefighters Grant Program on behalf of seven neighboring fire departments and themselves. This was a regional project which required one eligible applicant to act as the "host" for the project. The host was responsible for fulfilling all grant requirements. The Griffith Fire Department complied with the level of effort requirements; however, as the host, they did not verify or ensure that the other seven participating fire departments complied.

As part of the grant agreement, the Griffith Fire Department was required to comply with the Fiscal Year 2010 Assistance to Firefighters Grant Program guidance. Part VI, Award Administration Information of this guidance, detailed the grantee responsibilities regarding Level of Effort requirements and states in part:

"B. Grantee Responsibilities

AFG award recipients (grantees) must agree to: . . .

TOWN OF GRIFFITH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (3) Maintain operating expenditures for the 1-year grant period of performance in the areas funded by this grant activity at a level equal to, or greater than, the average of their operating expenditures in the 2 years preceding the year in which this assistance is received. This program is meant to supplement rather than replace an organization's funding."

Failure to ensure full compliance with Level of Effort requirements could cause the Town to be ineligible to receive future federal awards.

We recommended that Town Officials design and implement control procedures to ensure that all participating parties of a grant program are maintaining the required level of nonfederal funding.

FINDING 2012-04 - ASSISTANCE TO FIREFIGHTERS GRANT PROGRAM SUSPENSION AND DEBARMENT REQUIREMENTS

Federal Agency: U.S. Department of Homeland Security

Federal Program: Assistance to Firefighters Grant Program

CFDA Number: 97.044

Federal Award Number and Year (or Other Identifying Number): EMW-2010-FR-00269

The Griffith Fire Department administered the Assistance to Firefighters Grant Program on behalf of seven neighboring fire departments and themselves. This was a regional project which required one eligible applicant to act as the "host" for the project. The host was responsible for fulfilling all grant requirements. The Town of Griffith does not have policies or procedures in place to ensure that contracts paid either in full or partially with federal funds will not be awarded or paid to vendors that are suspended or debarred from participation in federal programs.

As part of the grant agreement, the Griffith Fire Department was required to comply with the applicable administrative requirements found in 44 CFR Part 13. According to 44 CFR § 13.35 Subawards to debarred and suspended parties: "Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension."

The failure to ensure that contracts paid with federal funds are not awarded to suspended or debarred vendors could result in the loss of federal funds to the Town.

We recommended that Town Officials design and implement control procedures to prevent the potential payment of federal funds to a suspended or debarred vendor.

COUNCIL MEMBERS

Glen Gaby
1st Ward

Lawrence Ballah
2nd Ward

Rick Ryfa
3rd Ward

Patricia Schaad
4th Ward

Stan Dobosz
5th Ward



Town of Griffith

111 N. Broad St., Griffith, IN. 46319-2294

CLERK-TREASURER

George N. Jerome

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CORRECTIVE ACTION PLAN

FINDING NO. 2012-01: Internal controls over compliance requirements that have a direct and material effect on the assistance to Firefighters Grant Program

FINDING NO. 2012-02: Assistance to Firefighters Grant Program Cash Management Requirements

FINDING NO. 2012-03: Assistance to Firefighters Grant Program Level of Effort Requirements

FINDING NO. 2012-04: Assistance to Firefighters Grant Program Suspension and Debarment Requirements

Federal Agency: Department of Homeland Security

Federal Program: Assistance to Firefighters Grant Program

CFDA Number: 97.044

Federal Award Number and Year (or Other Identifying Number): EMW-2010-FE-00269

Auditee Contact: George N Jerome, Clerk Treasurer 219-924-7500

Root Cause(s): Between December 2011 and March 2012, four different individuals held the position of Clerk Treasurer. In addition, the long-time Deputy Clerk Treasurer who provided the majority of the oversight for the administration of grants, retired with short notice in February 2012. As a result, the current Clerk Treasurer did not review the grant requirements and failed to provide effective oversight.

As the lead agency in administering this regional, multiple-agency advance payment grant, Griffith determined that the 80% federal share should not be paid until after other participating communities provided their 20% share. This led to delays in expending the funds in a timely manner.

As the grantee in this multi-jurisdictional grant, Griffith failed to inform and monitor the seven sub-grantees regarding their responsibility to maintain operating expenditures for the 1-year grant period of performance in the areas funded by this grant activity at a level equal to, or greater than, the average of their operating expenditures in the 2 years preceding the year in which the grant is received.

As the lead agency in administering this regional, multiple-agency advance payment grant, Griffith failed to verify that vendors were not suspended or disbarred from receiving payments from federal funds.

Interim Corrective Action Plan: While the Town of Griffith is not currently administering any grant funds, the Police Department participates in grants administered by other agencies. Officer Paul Sines currently maintains records associated with the grants; records are then reviewed by Operations Lt Jeffrey Gang who submits claims to the Clerk Treasurer's office for payment.

Each grant will be assigned a unique Fund Number in the Town's Accounting System and all authorized expenditures will use that Fund. All monies received, whether paid in advance or as reimbursement will be deposited into that Fund.

Due Date for Interim Corrective Action: April 26, 2013

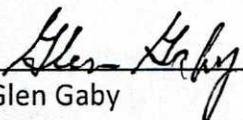
Corrective Action Plan: Develop a documented procedure to ensure the Clerk Treasurer, Department Heads and Clerk Treasurer's Staff, as well as anyone who may be involved in utilizing grant proceeds: 1) review specific grant requirements 2) comply with and 3) document all activities associated with the receipt and expenditure of grant funds. The procedure will include clear instructions regarding cash management requirements for all participating agencies, that all sub-grantees are fully informed of their responsibilities, and that vendors are checked against the Excluded Parties List System (EPLS) before placing orders to ensure they are not suspended or debarred from participation in federal programs.

Due Date for Corrective Action: July 31, 2013

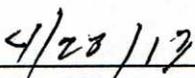
Responsible Individual: George N. Jerome, Clerk Treasurer

Additional Participants: Fire Chief Roy Schoon, GVFD; Police Chief Gregory Mance, GPD; Battalion Chief Martin Michaels, GVFD; Sue Katona, Deputy Clerk Treasurer.

Evaluation of Effectiveness: Clerk Treasurer to monitor and report all grant activity to the Town Council monthly.



Glen Gaby
Town Council President
Town of Griffith



Date

TOWN OF GRIFFITH
EXIT CONFERENCE

The contents of this report were discussed on April 23, 2013, with George N. Jerome, Clerk-Treasurer, and Glen Gaby, President of the Town Council. The officials concurred with our audit findings.