

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

GRIFFITH PUBLIC SCHOOLS  
LAKE COUNTY, INDIANA

July 1, 2009 to June 30, 2011



**FILED**

02/08/2012



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jeannette E. Bapst	07-01-09 to 06-30-12
Superintendent of Schools	Dr. Peter Morikis	07-01-09 to 06-30-12
President of the School Board	Richard Anderson Timothy Owczarzak Richard Muha	07-01-09 to 06-30-10 07-01-10 to 06-30-11 07-01-11 to 06-30-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT  
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 statement of the Griffith Public Schools (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated November 3, 2011, 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 integral part of 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 THE FINANCIAL STATEMENT  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation'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 has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, 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 School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, 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 financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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

November 3, 2011



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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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 GRIFFITH PUBLIC SCHOOLS, LAKE COUNTY, INDIANA

We have audited the financial statement of the Griffith Public Schools (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated November 3, 2011. 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 opinion on the financial statement, 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 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.

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

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 School Corporation'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.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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

November 3, 2011

## FINANCIAL STATEMENT

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

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GRIFFITH PUBLIC SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ 352,554	\$ 15,447,733	\$ 15,093,909	\$ (73,068)	\$ 633,310	\$ 15,540,957	\$ 15,063,094	\$ 77,812	\$ 1,188,985
Debt Service	609,923	464,741	659,242	(3,723)	411,699	834,560	648,263	(152,519)	445,477
Retirement/Severance Bond Debt Service	4,331	17,465	-	(21,796)	-	-	-	-	-
Exempt Debt	-	10,228,338	8,068,764	(101,046)	2,058,528	2,036,634	4,690,008	-	(594,846)
Exempt Retirement/Severance Bond Debt Service	-	1,369,869	1,304,630	21,796	87,035	373,307	602,815	-	(142,473)
Capital Projects	1,139,249	2,633,584	2,784,179	-	988,654	1,228,235	1,748,851	(78,577)	389,461
School Transportation	376,009	1,101,485	1,119,440	-	358,054	595,760	801,477	30,568	182,905
School Bus Replacement	57,164	250,798	342,225	-	(34,263)	175,364	60,821	-	80,280
Special Education Preschool	47,959	30,250	65,000	(13,209)	-	-	-	-	-
Rainy Day	-	-	-	101,046	101,046	-	-	152,519	253,565
Retirement/Severance Bond	967,749	-	116,649	-	851,100	14,388	23,458	-	842,030
High School / Beiriger Construction	-	2,013	108,201	1,000,000	893,812	9,013	76,968	-	825,857
School Lunch	283,393	1,200,450	1,051,952	-	431,891	1,073,696	1,135,979	-	369,608
Textbook Rental	215,354	367,900	527,441	90,000	145,813	358,904	258,088	-	246,629
Self-Insurance	1,386,022	-	434,371	-	951,651	589,718	401,610	-	1,139,759
Levy Excess	-	-	-	-	-	30,568	-	(30,568)	-
Alternative Education	-	9,804	9,804	-	-	10,249	10,249	-	-
High Ability Grant	10,494	36,594	30,521	-	16,567	36,044	36,014	-	16,597
Teacher Quality Improvement Program	-	23,192	-	-	23,192	-	23,192	-	-
Non-English Speaking Programs P.L. 273-1999	334	6,592	6,648	-	278	4,007	4,285	-	-
School Technology	-	-	-	-	-	3,452	2,109	-	1,343
Common School Technology	(21,283)	137,845	119,798	-	(3,236)	564,792	561,556	-	-
Miscellaneous Programs	-	5,351	5,351	-	-	5,763	5,763	-	-
Title One, 2009-10	-	385,677	374,984	54,729	65,422	19,749	43,408	(41,763)	-
Title I - 2010-11	-	-	-	-	-	258,021	303,858	42,528	(3,309)
Title I - 2008-09	78,192	32,842	56,305	(54,729)	-	-	-	-	-
Drug Free Schools	2,965	12,066	5,607	-	9,424	-	9,424	-	-
Perkins, HACC vocational	-	-	-	-	-	4,767	4,767	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	22,062	87,523	115,354	-	(5,769)	88,576	82,807	-	-
Title	-	5,795	5,795	-	-	-	-	-	-
Fiscal Stabilization - Education	642,039	546,933	1,188,972	-	-	-	-	-	-
Title I - Grants to LEAs	-	132,687	165,358	-	(32,671)	85,117	52,446	-	-
Special Education - Part B	-	297,744	326,362	-	(28,618)	327,153	298,535	-	-
Special Education - Part B - Preschool	-	21,874	21,874	-	-	-	-	-	-
School Lunch Equipment	-	7,100	7,100	-	-	-	-	-	-
Education Jobs	-	-	-	-	-	102,449	127,949	-	(25,500)
<b>Totals</b>	<b>\$ 6,174,510</b>	<b>\$ 34,864,245</b>	<b>\$ 34,115,836</b>	<b>\$ 1,000,000</b>	<b>\$ 7,922,919</b>	<b>\$ 24,371,243</b>	<b>\$ 27,077,794</b>	<b>\$ -</b>	<b>\$ 5,216,368</b>

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

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENT

**Note 1. 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 accompanying financial statement presents the financial information for the School Corporation (primary government).

*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.

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:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

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

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*F. Other Financing Sources and Uses*

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the School Corporation. 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 School Corporation. 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 School Corporation 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 School Corporation 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 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 School Corporation 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.

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**Note 5. Risk Management**

The School Corporation 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 School Corporation 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. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

**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 School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 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:

GRIFFITH PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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. Teachers' Retirement Fund*

*Plan Description*

The Indiana Teachers' Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent 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.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF 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) 286-3544

*Funding Policy and Annual Pension Cost*

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

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are 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 prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

GRIFFITH PUBLIC SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010

	General	Debt Service	Retirement/ Severance Bond Debt Service	Exempt Debt	Exempt Retirement/ Severance Bond Debt Reserve	Capital Projects	School Transportation	School Bus Replacement
Cash and investments - beginning	\$ 352,554	\$ 609,923	\$ 4,331	\$ -	\$ -	\$ 1,139,249	\$ 376,009	\$ 57,164
Receipts:								
Local sources	574,636	464,741	17,465	7,264,707	682,107	1,841,928	963,215	174,930
Intermediate sources	190,594	-	-	-	-	-	-	-
State sources	14,680,415	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	2,963,631	687,762	791,656	131,434	75,868
Other	2,088	-	-	-	-	-	6,836	-
Total receipts	<u>15,447,733</u>	<u>464,741</u>	<u>17,465</u>	<u>10,228,338</u>	<u>1,369,869</u>	<u>2,633,584</u>	<u>1,101,485</u>	<u>250,798</u>
Disbursements:								
Current:								
Instruction	8,683,193	-	-	-	-	-	-	-
Support services	4,655,415	-	-	-	-	852,694	674,440	234,291
Noninstructional services	380,230	-	-	-	-	-	-	-
Facilities acquisition and construction	20,298	-	-	-	-	563,482	-	-
Debt services	540,488	659,242	-	8,068,764	1,304,630	1,368,003	445,000	107,934
Nonprogrammed charges	814,285	-	-	-	-	-	-	-
Total disbursements	<u>15,093,909</u>	<u>659,242</u>	<u>-</u>	<u>8,068,764</u>	<u>1,304,630</u>	<u>2,784,179</u>	<u>1,119,440</u>	<u>342,225</u>
Excess (deficiency) of receipts over disbursements	<u>353,824</u>	<u>(194,501)</u>	<u>17,465</u>	<u>2,159,574</u>	<u>65,239</u>	<u>(150,595)</u>	<u>(17,955)</u>	<u>(91,427)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	13,209	-	-	-	21,796	752,632	-	-
Transfers out	(86,277)	(3,723)	(21,796)	(101,046)	-	(752,632)	-	-
Total other financing sources (uses)	<u>(73,068)</u>	<u>(3,723)</u>	<u>(21,796)</u>	<u>(101,046)</u>	<u>21,796</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>280,756</u>	<u>(198,224)</u>	<u>(4,331)</u>	<u>2,058,528</u>	<u>87,035</u>	<u>(150,595)</u>	<u>(17,955)</u>	<u>(91,427)</u>
Cash and investments - ending	<u>\$ 633,310</u>	<u>\$ 411,699</u>	<u>\$ -</u>	<u>\$ 2,058,528</u>	<u>\$ 87,035</u>	<u>\$ 988,654</u>	<u>\$ 358,054</u>	<u>\$ (34,263)</u>

GRIFFITH PUBLIC SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Special Education Preschool	Rainy Day	Retirement/ Severance Bond	High School/ Beiriger Construction	School Lunch	Textbook Rental	Self- Insurance	Alternative Education
Cash and investments - beginning	\$ 47,959	\$ -	\$ 967,749	\$ -	\$ 283,393	\$ 215,354	\$ 1,386,022	\$ -
Receipts:								
Local sources	-	-	-	2,013	550,767	367,701	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	30,250	-	-	-	12,009	-	-	9,804
Federal sources	-	-	-	-	637,674	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	199	-	-
Total receipts	<u>30,250</u>	<u>-</u>	<u>-</u>	<u>2,013</u>	<u>1,200,450</u>	<u>367,900</u>	<u>-</u>	<u>9,804</u>
Disbursements:								
Current:								
Instruction	65,000	-	112,431	-	-	-	434,371	9,804
Support services	-	-	4,218	-	1,202	527,441	-	-
Noninstructional services	-	-	-	-	1,021,605	-	-	-
Facilities acquisition and construction	-	-	-	108,201	29,145	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>65,000</u>	<u>-</u>	<u>116,649</u>	<u>108,201</u>	<u>1,051,952</u>	<u>527,441</u>	<u>434,371</u>	<u>9,804</u>
Excess (deficiency) of receipts over disbursements	<u>(34,750)</u>	<u>-</u>	<u>(116,649)</u>	<u>(106,188)</u>	<u>148,498</u>	<u>(159,541)</u>	<u>(434,371)</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	1,000,000	-	-	-	-
Transfers in	-	101,046	-	-	-	109,000	-	-
Transfers out	(13,209)	-	-	-	-	(19,000)	-	-
Total other financing sources (uses)	<u>(13,209)</u>	<u>101,046</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>90,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(47,959)</u>	<u>101,046</u>	<u>(116,649)</u>	<u>893,812</u>	<u>148,498</u>	<u>(69,541)</u>	<u>(434,371)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 101,046</u>	<u>\$ 851,100</u>	<u>\$ 893,812</u>	<u>\$ 431,891</u>	<u>\$ 145,813</u>	<u>\$ 951,651</u>	<u>\$ -</u>

GRIFFITH PUBLIC SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	High Ability Grant	Teacher Quality Improvement Program	Non-English Speaking Programs P.L. 273-1999	Common School Technology	Miscellaneous Programs	Title One, 2009-10	Title I - 2008-09	Drug Free Schools
Cash and investments - beginning	\$ 10,494	\$ -	\$ 334	\$ (21,283)	\$ -	\$ -	\$ 78,192	\$ 2,965
Receipts:								
Local sources	-	-	-	-	5,351	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	36,594	23,192	6,592	137,845	-	-	-	-
Federal sources	-	-	-	-	-	385,677	32,842	12,066
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>36,594</u>	<u>23,192</u>	<u>6,592</u>	<u>137,845</u>	<u>5,351</u>	<u>385,677</u>	<u>32,842</u>	<u>12,066</u>
Disbursements:								
Current:								
Instruction	23,038	-	6,648	-	5,351	324,762	33,586	-
Support services	-	-	-	104,811	-	8,363	22,719	5,607
Noninstructional services	-	-	-	-	-	41,859	-	-
Facilities acquisition and construction	7,483	-	-	14,987	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>30,521</u>	<u>-</u>	<u>6,648</u>	<u>119,798</u>	<u>5,351</u>	<u>374,984</u>	<u>56,305</u>	<u>5,607</u>
Excess (deficiency) of receipts over disbursements	<u>6,073</u>	<u>23,192</u>	<u>(56)</u>	<u>18,047</u>	<u>-</u>	<u>10,693</u>	<u>(23,463)</u>	<u>6,459</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	54,729	-	-
Transfers out	-	-	-	-	-	-	(54,729)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,729</u>	<u>(54,729)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>6,073</u>	<u>23,192</u>	<u>(56)</u>	<u>18,047</u>	<u>-</u>	<u>65,422</u>	<u>(78,192)</u>	<u>6,459</u>
Cash and investments - ending	<u>\$ 16,567</u>	<u>\$ 23,192</u>	<u>\$ 278</u>	<u>\$ (3,236)</u>	<u>\$ -</u>	<u>\$ 65,422</u>	<u>\$ -</u>	<u>\$ 9,424</u>

GRIFFITH PUBLIC SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Improving Teaching Quality, No Child Left, Title II, Part A	Title	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	Special Education - Part B - Preschool	School Lunch Equipment	Totals
Cash and investments - beginning	\$ 22,062	\$ -	\$ 642,039	\$ -	\$ -	\$ -	\$ -	\$ 6,174,510
Receipts:								
Local sources	-	-	-	-	-	-	-	12,909,561
Intermediate sources	-	-	-	-	-	-	-	190,594
State sources	-	-	-	-	-	-	-	14,936,701
Federal sources	87,523	5,795	546,933	132,687	297,744	21,874	7,100	2,167,915
Temporary loans	-	-	-	-	-	-	-	4,650,351
Other	-	-	-	-	-	-	-	9,123
Total receipts	87,523	5,795	546,933	132,687	297,744	21,874	7,100	34,864,245
Disbursements:								
Current:								
Instruction	114,409	-	1,012,481	116,341	298,082	21,874	-	11,261,371
Support services	945	5,795	176,491	49,017	28,280	-	-	7,351,729
Noninstructional services	-	-	-	-	-	-	7,100	1,450,794
Facilities acquisition and construction	-	-	-	-	-	-	-	743,596
Debt services	-	-	-	-	-	-	-	12,494,061
Nonprogrammed charges	-	-	-	-	-	-	-	814,285
Total disbursements	115,354	5,795	1,188,972	165,358	326,362	21,874	7,100	34,115,836
Excess (deficiency) of receipts over disbursements	(27,831)	-	(642,039)	(32,671)	(28,618)	-	-	748,409
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	1,000,000
Transfers in	-	-	-	-	-	-	-	1,052,412
Transfers out	-	-	-	-	-	-	-	(1,052,412)
Total other financing sources (uses)	-	-	-	-	-	-	-	1,000,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(27,831)	-	(642,039)	(32,671)	(28,618)	-	-	1,748,409
Cash and investments - ending	\$ (5,769)	\$ -	\$ -	\$ (32,671)	\$ (28,618)	\$ -	\$ -	\$ 7,922,919

GRIFFITH PUBLIC SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011

	General	Debt Service	Exempt Debt	Exempt Retirement/ Severance Bond Debt Reserve	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	High School/ Beiriger Construction
Cash and investments - beginning	\$ 633,310	\$ 411,699	\$ 2,058,528	\$ 87,035	\$ 988,654	\$ 358,054	\$ (34,263)	\$ 101,046	\$ 851,100	\$ 893,812
Receipts:										
Local sources	313,690	792,167	2,036,634	277,626	862,821	455,141	107,931	-	14,388	9,013
Intermediate sources	227,957	-	-	-	-	-	-	-	-	-
State sources	14,982,754	42,393	-	-	74,733	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	95,681	290,681	140,619	67,433	-	-	-
Other	16,556	-	-	-	-	-	-	-	-	-
Total receipts	15,540,957	834,560	2,036,634	373,307	1,228,235	595,760	175,364	-	14,388	9,013
Disbursements:										
Current:										
Instruction	9,169,847	-	-	-	-	-	-	-	23,458	-
Support services	4,592,605	20,904	-	-	522,199	669,530	-	-	-	-
Noninstructional services	309,666	-	-	-	-	513	-	-	-	-
Facilities acquisition and construction	44,032	-	-	-	722,999	-	-	-	-	76,218
Debt services	2,662	627,359	4,690,008	602,815	503,653	131,434	60,821	-	-	750
Nonprogrammed charges	944,282	-	-	-	-	-	-	-	-	-
Total disbursements	15,063,094	648,263	4,690,008	602,815	1,748,851	801,477	60,821	-	23,458	76,968
Excess (deficiency) of receipts over disbursements	477,863	186,297	(2,653,374)	(229,508)	(520,616)	(205,717)	114,543	-	(9,070)	(67,955)
Other financing sources (uses):										
Transfers in	5,077,812	-	-	-	230,260	30,568	-	152,519	-	-
Transfers out	(5,000,000)	(152,519)	-	-	(308,837)	-	-	-	-	-
Total other financing sources (uses)	77,812	(152,519)	-	-	(78,577)	30,568	-	152,519	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	555,675	33,778	(2,653,374)	(229,508)	(599,193)	(175,149)	114,543	152,519	(9,070)	(67,955)
Cash and investments - ending	\$ 1,188,985	\$ 445,477	\$ (594,846)	\$ (142,473)	\$ 389,461	\$ 182,905	\$ 80,280	\$ 253,565	\$ 842,030	\$ 825,857

GRIFFITH PUBLIC SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	School Lunch	Textbook Rental	Self-Insurance	Levy Excess	Alternative Education	High Ability Grant	Teacher Quality Improvement Program	Non-English Speaking Programs P.L. 273-1999	School Technology	Common School Technology
Cash and investments - beginning	\$ 431,891	\$ 145,813	\$ 951,651	\$ -	\$ -	\$ 16,567	\$ 23,192	\$ 278	\$ -	\$ (3,236)
Receipts:										
Local sources	537,863	268,347	589,718	30,568	-	-	-	-	2,109	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	11,430	90,557	-	-	10,249	36,044	-	4,007	1,343	564,792
Federal sources	523,147	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	1,256	-	-	-	-	-	-	-	-	-
Total receipts	1,073,696	358,904	589,718	30,568	10,249	36,044	-	4,007	3,452	564,792
Disbursements:										
Current:										
Instruction	-	-	401,610	-	10,249	32,456	23,192	4,285	-	-
Support services	2,044	258,088	-	-	-	-	-	-	2,109	526,588
Noninstructional services	1,039,535	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	94,400	-	-	-	-	3,558	-	-	-	34,968
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,135,979	258,088	401,610	-	10,249	36,014	23,192	4,285	2,109	561,556
Excess (deficiency) of receipts over disbursements	(62,283)	100,816	188,108	30,568	-	30	(23,192)	(278)	1,343	3,236
Other financing sources (uses):										
Transfers in	390,664	-	-	-	-	-	-	-	-	-
Transfers out	(390,664)	-	-	(30,568)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(30,568)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(62,283)	100,816	188,108	-	-	30	(23,192)	(278)	1,343	3,236
Cash and investments - ending	\$ 369,608	\$ 246,629	\$ 1,139,759	\$ -	\$ -	\$ 16,597	\$ -	\$ -	\$ 1,343	\$ -

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GRIFFITH PUBLIC SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Miscellaneous Programs	Title One, 2009-10	Title I - 2010-11	Drug Free Schools	Perkins, HACC Vocational	Improving Teaching Quality, No Child Left, Title II, Part A	Title I - Grants to LEAs	Special Education - Part B	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ 65,422	\$ -	\$ 9,424	\$ -	\$ (5,769)	\$ (32,671)	\$ (28,618)	\$ -	\$ 7,922,919
Receipts:										
Local sources	5,763	-	-	-	-	-	-	-	-	6,303,779
Intermediate sources	-	-	-	-	-	-	-	-	-	227,957
State sources	-	-	-	-	-	-	-	-	-	15,818,302
Federal sources	-	19,749	258,021	-	4,767	88,576	85,117	327,153	102,449	1,408,979
Temporary loans	-	-	-	-	-	-	-	-	-	594,414
Other	-	-	-	-	-	-	-	-	-	17,812
Total receipts	5,763	19,749	258,021	-	4,767	88,576	85,117	327,153	102,449	24,371,243
Disbursements:										
Current:										
Instruction	5,763	30,826	262,364	-	4,767	81,882	45,410	86,581	127,949	10,310,639
Support services	-	-	700	9,424	-	925	7,036	-	-	6,612,152
Noninstructional services	-	12,582	40,794	-	-	-	-	-	-	1,403,090
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	976,175
Debt services	-	-	-	-	-	-	-	-	-	6,619,502
Nonprogrammed charges	-	-	-	-	-	-	-	211,954	-	1,156,236
Total disbursements	5,763	43,408	303,858	9,424	4,767	82,807	52,446	298,535	127,949	27,077,794
Excess (deficiency) of receipts over disbursements	-	(23,659)	(45,837)	(9,424)	-	5,769	32,671	28,618	(25,500)	(2,706,551)
Other financing sources (uses):										
Transfers in	-	765	42,528	-	-	-	-	-	-	5,925,116
Transfers out	-	(42,528)	-	-	-	-	-	-	-	(5,925,116)
Total other financing sources (uses)	-	(41,763)	42,528	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(65,422)	(3,309)	(9,424)	-	5,769	32,671	28,618	(25,500)	(2,706,551)
Cash and investments - ending	\$ -	\$ -	\$ (3,309)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (25,500)	\$ 5,216,368

GRIFFITH PUBLIC SCHOOLS  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2011

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>Ending Balance</u>
Capital assets, not being depreciated:	
Buildings	\$ 69,908,113
Improvements other than buildings	3,551,080
Machinery and equipment	<u>2,787,983</u>
 Total capital assets	 <u><u>\$ 76,247,176</u></u>

GRIFFITH PUBLIC SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Capital leases:		
Ready refund	\$ 15,680,825	\$ 1,430,500
Ready refund 2008	2,847,112	577,500
Beiriger 2009	9,436,041	776,774
Notes and loans payable:		
Veterans Memorial Loan (state)	328,900	31,889
Common School Loans (state)	14,238,867	1,811,255
Tax Anticipation Warrants	571,527	579,014
Bonds payable:		
General obligation bonds:		
Wadsworth	300,000	108,250
Pension Bonds	3,935,000	408,076
Total debt	<u>\$ 47,338,272</u>	<u>\$ 5,723,258</u>

GRIFFITH PUBLIC SCHOOLS  
AUDIT RESULTS AND COMMENTS

***OVERDRAWN FUND BALANCES***

The Exempt Debt and Exempt Retirement/Severance Bond Debt Service Funds were overdrawn by \$594,846 and \$142,473, respectively, as of June 30, 2011.

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 Indiana Public School Corporations, Chapter 9)

***RECEIPT ISSUANCE (Applies to Ready Elementary School)***

Receipts were not always issued at the time of the transaction; receipts were issued between 7 and 33 days after the collections were deposited. In addition, receipts were not always issued in sequential order.

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 Extra-Curricular Accounts, Chapter 7)

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

***BANK RECONCILIATIONS (Applies to Ready Elementary School)***

Depository reconciliations of the fund balances to the bank account balances were incorrect. The bank reconciliations performed as of June 30, 2010 and 2011 disclosed a difference of \$346 after audit adjustments of \$12,000 due to incorrect recording of investment transactions. The bank balance exceeded the record balance.

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

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, 2010 and 2011. 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.

In our opinion, 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, 2010 and 2011. The results of our auditing procedures also disclosed other 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 2011-1.

Internal Control Over Compliance

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 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 School Corporation's internal control over compliance.

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)

A deficiency in 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 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.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 the response.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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

November 3, 2011

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2010 and 2011

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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	SY 2009-2010 SY 2010-2011	\$ 124,524 -	\$ - 129,398
National School Lunch Program	10.555	SY 2009-2010 SY 2010-2011	512,258 -	- 524,079
Total for cluster			<u>636,782</u>	<u>653,477</u>
Child Nutrition Discretionary Grants Limited Availability	10.579		<u>7,100</u>	<u>-</u>
Total for federal grantor agency			<u>643,882</u>	<u>653,477</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	09-4700 10-4700 11-4700	111,032 374,982 -	- 85,939 303,857
Total for program			<u>486,014</u>	<u>389,796</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY 2010	<u>165,357</u>	<u>52,444</u>
Total for cluster			<u>651,371</u>	<u>442,240</u>
Pass-Through Northwest Indiana Special Education Cooperative				
Special Education Cluster (IDEA)				
ARRA - Special Education - Grants to States (IDEA Part B), Recovery Act	84.391		326,364	298,536
ARRA - Special Education - Preschool Grants (IDEA Preschool), Recovery Act	84.392		<u>21,874</u>	<u>-</u>
Total for cluster			<u>348,238</u>	<u>298,536</u>
Pass-Through Indiana Department of Education				
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund)	84.394		<u>1,188,973</u>	<u>-</u>

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

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2010 and 2011  
(Continued)

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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through School City of Hammond Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	SY 2010-2011	-	4,767
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	08-4700 09-4700	5,607 642	- 9,424
Total for program			<u>6,249</u>	<u>9,424</u>
Pass-Through Indiana Department of Education English Language Acquisition Grants Non-English Speaking Program	84.365	51111-124-PN01	6,648	4,285
Pass-Through Northwest Indiana Education Service Center English Language Acquisition Grants Title III, Part A - Language Instruction for Limited English Proficient and Immigrant Students	84.365	01111-093-PN01	5,351	5,762
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants Title II, Part A	84.367	06-4700 08-4700 10-4700	42,062 73,291 -	- 4,231 78,576
Total for program			<u>115,353</u>	<u>82,807</u>
ARRA - Education Jobs Fund	84.410	11-4700	-	127,949
Total for federal grantor agency			<u>2,322,183</u>	<u>975,770</u>
Total federal awards expended			<u>\$ 2,966,065</u>	<u>\$ 1,629,247</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

**Note 1. 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 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.

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 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.

**Note 2. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	2009-2010	2010-2011
Child Nutrition Cluster	<u>\$ 55,279</u>	<u>\$ 58,450</u>

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 deficiency identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	yes
Type of auditor's report issued on compliance for major programs:	Unqualified
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

Title I, Part A Cluster  
Special Education Cluster (IDEA)  
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
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**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 2011-1 - INTERNAL CONTROL OVER ALLOWABLE COSTS**

Federal Agency: U.S. Department of Education  
Federal Programs: Title I, Part A Cluster  
CFDA Numbers: 84.010; 84.389  
Pass-Through Entity: Indiana Department of Education

Expenditures of Title I, Part A Cluster (Title I) federal funds by the Griffith Public Schools are not always approved by the program director. Only 2 percent of the Title I expenditures were for items other than payroll and benefits; however, 70 percent of these other disbursements examined for the period July 1, 2009 through June 30, 2011, were not approved by the program director. The program director is responsible for ensuring that expenditures charged to the Title I programs are for allowable costs and for costs that are directly attributable to the Title I programs.

34 CFR 80.20(a) states in part:

" . . . Fiscal control and account procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to: . . . (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes."

34 CFR 80.20(b)(3) states: "Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes."

Lack of the program director's approval of Title I federal expenditures could allow federal funds to be expended for costs not allowable for, or attributable to, the Title I program.

We recommended that School Corporation Officials develop and implement procedures and controls to ensure that the expenditure of Title I federal funds is approved by the person with the most knowledge of allowable costs, the program director.



# 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 Muha, President  
Margaret Garastik, Second Vice President  
Timothy Owczarzak, Assistant Secretary  
John Dudlicek, First Vice President  
Raymond White, Secretary  
Rhett Tauber, Attorney

October 26, 2011

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Finding Number 2009-1 CASH MANAGEMENT

Original SBA Audit Report Number: B35894  
Fiscal Year July 1, 2007 to June 30, 2009  
Auditee Contact Person Jeannette E. Bapst  
Title of Contact Person Assistant to the Superintendent  
Phone Number 219-924-4250

#### Status of Finding:

The school district has carefully monitored cash balances to ensure excessive balances do not occur. At this time, cash is only being requested on a reimbursement basis.

Sincerely,

Jeannette E. Bapst  
Assistant to the Superintendent

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Dr. Peter Morikis, Superintendent  
Roberta Dragomer, Technology Director  
Denise Buehler, Superintendent's Secretary  
Betty Schultz, Accounts Payable

---

Jeannette E. Bapst, Assistant to the Superintendent  
Aron Borowiak, Director of Curriculum and Instruction  
Elaine Jelenski, Receptionist/Secretary  
Toni Loomis, Payroll Supervisor



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Raymond White, Secretary  
Rhett Tauber, Attorney

October 26, 2011

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Finding Number 2009-2 ELIGIBILITY VERIFICATION

Original SBA Audit Report Number: B35894  
Fiscal Year July 1, 2007 to June 30, 2009  
Auditee Contact Person Jeannette E. Bapst  
Title of Contact Person Assistant to the Superintendent  
Phone Number 219-924-4250

### Status of Finding:

School district representatives have been careful to review free and reduced applications to ensure compliance with eligibility guidelines. They are aware of errors made in prior years and are working to improve accuracy.

Sincerely,

Jeannette E. Bapst  
Assistant to the Superintendent

---

Dr. Peter Morikis, Superintendent  
Roberta Dragomer, Technology Director  
Denise Buehler, Superintendent's Secretary  
Betty Schultz, Accounts Payable

---

Jeannette E. Bapst, Assistant to the Superintendent  
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## CORRECTIVE ACTION PLAN

Audit Period: JULY 1, 2009 to JUNE 30, 2011

### FINDING 2011-1, Internal Control over Allowable Costs

Federal Agency: U.S. Department of Education  
Pass-Through Entity: Indiana Department of Education  
Federal Program: Title I, Part A Cluster  
CFDA Number: 84.010; 84.389

The Griffith Public Schools will correct the approval process for Title One non-payroll claims paid through the following measures:

- The grant administrator will approve all claims prior to presentation the school business office and prior to presentation to the Board of School Trustees. The grant administrator will verify that expenditures are within the acceptable parameters of grant guidelines.

Jeannette E. Bapst  
Assistant to the Superintendent

10-27-11

Date

Dr. Peter Morikis, Superintendent  
Roberta Dragomer, Technology Director  
Denise Buehler, Superintendent's Secretary  
Betty Schultz, Accounts Payable

Jeannette E. Bapst, Assistant to the Superintendent  
Aron Borowiak, Director of Curriculum and Instruction  
Elaine Jelenski, Receptionist/Secretary  
Toni Loomis, Payroll Supervisor

GRIFFITH PUBLIC SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on November 3, 2011, with Dr. Peter Morikis, Superintendent of Schools; Jeannette E. Bapst, Treasurer; and John Dudlicek, Vice President of the School Board. The officials concurred with our audit findings.