

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, 2013 to June 30, 2015



FILED
08/02/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jeannette E. Bapst	07-01-13 to 06-30-15
	Kathleen Dowling	07-01-15 to 06-30-16
	(Vacant)	07-01-16 to 07-24-16
	Sandra Goss (interim)	07-25-16 to 08-09-16
	Meghan Damron	08-10-16 to 12-31-17
Superintendent of Schools	Dr. Peter Morikis	07-01-11 to 12-31-17
President of the School Board	John Dudlicek	01-01-13 to 12-31-13
	Raymond White	01-01-14 to 12-31-15
	Gerald Potacki	01-01-16 to 12-31-16
	Gary Sutton	01-01-17 to 12-31-17



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Griffith Public Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement as listed in the Table of Contents.

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 School Corporation'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 School Corporation'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 School Corporation 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 School Corporation for the period of July 1, 2013 to June 30, 2015.

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 School Corporation for the period of July 1, 2013 to June 30, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records 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.

Other Information

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 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 17, 2017, 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* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

May 17, 2017



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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 GRIFFITH PUBLIC SCHOOLS, 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 Griffith Public Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated May 17, 2017, wherein we noted the School Corporation 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 School Corporation'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 School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 to be a material weakness.

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 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*.

Griffith Public Schools Response to Findings

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

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 School Corporation'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 School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

May 17, 2017

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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, 2014 and 2015

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 1,242,800	\$ 15,386,710	\$ 15,340,091	\$ (250,000)	\$ 1,039,419	\$ 15,172,618	\$ 14,795,364	\$ (200,000)	\$ 1,216,673
Debt Service	415,067	1,098,288	902,914	-	610,441	1,523,343	1,376,311	-	757,473
Exempt Debt	1,654,597	4,026,776	3,820,273	-	1,861,100	3,889,439	3,771,911	-	1,978,628
Exempt Retirement/Severance Bond Debt Service	1,646	543,973	497,615	-	48,004	490,238	456,240	-	82,002
Capital Projects	663,989	1,068,835	1,059,771	-	673,053	1,053,159	1,010,262	-	715,950
School Transportation	370,951	711,898	562,038	-	520,811	722,457	735,258	-	508,010
School Bus Replacement	177,869	101,874	37,828	-	241,915	109,556	154,895	-	196,576
Rainy Day	403,565	-	403,565	250,000	250,000	-	-	200,000	450,000
Retirement/Severance Bond	654,059	-	45,375	-	608,684	-	8,000	-	600,684
Construction	-	-	3,667	1,125,000	1,121,333	-	1,101,141	-	20,192
School Lunch	254,028	1,063,231	1,120,421	-	196,838	1,240,507	1,172,076	-	265,269
Textbook Rental	250,468	282,442	243,409	-	289,501	283,857	294,275	-	279,083
Self-Insurance	1,376,046	90,000	221,191	-	1,244,855	50,000	239,959	-	1,054,896
Alternative Education	-	6,480	6,480	-	-	12,804	12,804	-	-
Early Literacy	-	-	-	-	-	30,000	30,000	-	-
High Ability Grant	18,964	33,241	25,320	-	26,885	33,704	60,589	-	-
Non-English 14-15	-	-	-	-	-	3,687	3,687	-	-
School Technology	527	32,680	31,664	-	1,543	13,276	13,151	-	1,668
Common School Technology	-	220,000	220,000	-	-	225,000	239,500	-	(14,500)
School Safety Grant	-	-	-	-	-	38,141	38,141	-	-
Title One 2013-2014	-	299,393	328,224	-	(28,831)	88,777	59,946	-	-
Title One 2014-2015	-	-	-	-	-	421,489	440,915	-	(19,426)
Title One 2012-2013	(8,170)	63,354	55,184	-	-	-	-	-	-
CEIS Grant, NISEC	-	-	-	-	-	67,511	75,944	-	(8,433)
Improving Teaching Quality, No Child Left, Title II, Part A	-	56,523	56,523	-	-	58,641	62,031	-	(3,390)
Clearing	99,486	4,203,235	4,149,907	-	152,814	4,380,785	4,335,784	-	197,815
Totals	\$ 7,575,892	\$ 29,288,933	\$ 29,131,460	\$ 1,125,000	\$ 8,858,365	\$ 29,908,989	\$ 30,488,184	\$ -	\$ 8,279,170

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, the following: 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.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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 basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

GRIFFITH PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Interfund loans. Amounts 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. Amounts received from various sources, including, but not limited to, the following: 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. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

Interfund loans. Amounts 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. Amounts received in relation to the issuance of bonds or other long-term debt issues.

Transfers in. Amounts 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. Amounts 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 amounts 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 amounts 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 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 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, the following: 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.

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 a cost-sharing 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:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

GRIFFITH PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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
One North Capitol, 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.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of some funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2014 or 2015.

GRIFFITH PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporations*

The School Corporation has entered into capital leases with the Griffith Multi-School Building Corporation, Beiriger Elementary School Building Corporation, and Griffith Ready Elementary School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related-parties of the School Corporation. Lease payments during the fiscal years 2014 and 2015 totaled \$2,848,000 and \$3,371,000, respectively.

Note 9. *Subsequent Events*

In August 2015, the Griffith Multi-School Building Corporation refunded the Multi-School Bond initially issued for building renovations for the High School, Middle School, and Wadsworth Elementary School. The semiannual lease rental payments due from the School Corporation lowered with a total savings on the bond of about \$1,349,000.

Note 10. *Other Postemployment Benefits*

The School Corporation provides to eligible retirees and their spouses health benefits. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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OTHER INFORMATION - UNAUDITED

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. Additionally, some financial information of the School Corporation 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 School Corporation's Financial Reports 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 other information presented was 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, 2014

	General	Debt Service	Exempt Debt	Exempt Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement
Cash and investments - beginning	\$ 1,242,800	\$ 415,067	\$ 1,654,597	\$ 1,646	\$ 663,989	\$ 370,951	\$ 177,869
Receipts:							
Local sources	417,084	1,098,288	4,026,776	493,973	1,068,835	711,898	101,874
Intermediate sources	209,306	-	-	-	-	-	-
State sources	14,760,320	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	50,000	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>15,386,710</u>	<u>1,098,288</u>	<u>4,026,776</u>	<u>543,973</u>	<u>1,068,835</u>	<u>711,898</u>	<u>101,874</u>
Disbursements:							
Instruction	9,240,138	-	-	-	-	-	-
Support services	5,674,958	-	-	-	584,295	562,038	37,828
Noninstructional services	343,351	-	-	-	-	-	-
Facilities acquisition and construction	78,774	-	-	-	475,476	-	-
Debt service	2,870	902,914	3,820,273	407,615	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	90,000	-	-	-
Total disbursements	<u>15,340,091</u>	<u>902,914</u>	<u>3,820,273</u>	<u>497,615</u>	<u>1,059,771</u>	<u>562,038</u>	<u>37,828</u>
Excess (deficiency) of receipts over disbursements	<u>46,619</u>	<u>195,374</u>	<u>206,503</u>	<u>46,358</u>	<u>9,064</u>	<u>149,860</u>	<u>64,046</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	180,816	-	-
Transfers out	(250,000)	-	-	-	(180,816)	-	-
Total other financing sources (uses)	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(203,381)</u>	<u>195,374</u>	<u>206,503</u>	<u>46,358</u>	<u>9,064</u>	<u>149,860</u>	<u>64,046</u>
Cash and investments - ending	<u>\$ 1,039,419</u>	<u>\$ 610,441</u>	<u>\$ 1,861,100</u>	<u>\$ 48,004</u>	<u>\$ 673,053</u>	<u>\$ 520,811</u>	<u>\$ 241,915</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, 2014
 (Continued)

	Rainy Day	Retirement/ Severance Bond	Construction	School Lunch	Textbook Rental	Self- Insurance	Alternative Education
Cash and investments - beginning	\$ 403,565	\$ 654,059	\$ -	\$ 254,028	\$ 250,468	\$ 1,376,046	\$ -
Receipts:							
Local sources	-	-	-	442,446	195,343	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	87,099	-	6,480
Federal sources	-	-	-	619,772	-	-	-
Interfund loans	-	-	-	-	-	90,000	-
Other receipts	-	-	-	1,013	-	-	-
Total receipts	-	-	-	1,063,231	282,442	90,000	6,480
Disbursements:							
Instruction	53,565	45,375	-	-	-	171,191	6,480
Support services	350,000	-	-	1,904	243,409	-	-
Noninstructional services	-	-	-	1,116,967	-	-	-
Facilities acquisition and construction	-	-	3,667	1,550	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	50,000	-
Total disbursements	403,565	45,375	3,667	1,120,421	243,409	221,191	6,480
Excess (deficiency) of receipts over disbursements	(403,565)	(45,375)	(3,667)	(57,190)	39,033	(131,191)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	1,125,000	-	-	-	-
Transfers in	250,000	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	250,000	-	1,125,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(153,565)	(45,375)	1,121,333	(57,190)	39,033	(131,191)	-
Cash and investments - ending	\$ 250,000	\$ 608,684	\$ 1,121,333	\$ 196,838	\$ 289,501	\$ 1,244,855	\$ -

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, 2014
 (Continued)

	Early Literacy	High Ability Grant	Non-English 14-15	School Technology	Common School Technology	School Safety Grant	Title One 2013-2014
Cash and investments - beginning	\$ -	\$ 18,964	\$ -	\$ 527	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	28,497	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	33,241	-	4,183	220,000	-	-
Federal sources	-	-	-	-	-	-	299,393
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	33,241	-	32,680	220,000	-	299,393
Disbursements:							
Instruction	-	25,320	-	-	-	-	223,510
Support services	-	-	-	31,664	220,000	-	37,298
Noninstructional services	-	-	-	-	-	-	67,416
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	25,320	-	31,664	220,000	-	328,224
Excess (deficiency) of receipts over disbursements	-	7,921	-	1,016	-	-	(28,831)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	7,921	-	1,016	-	-	(28,831)
Cash and investments - ending	\$ -	\$ 26,885	\$ -	\$ 1,543	\$ -	\$ -	\$ (28,831)

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, 2014
 (Continued)

	Title One 2014-2015	Title One 2012-2013	CEIS Grant, NISEC	Improving Teaching Quality, No Child Left, Title II, Part A	Clearing	Totals
Cash and investments - beginning	\$ -	\$ (8,170)	\$ -	\$ -	\$ 99,486	\$ 7,575,892
Receipts:						
Local sources	-	-	-	-	-	8,585,014
Intermediate sources	-	-	-	-	-	209,306
State sources	-	-	-	-	-	15,111,323
Federal sources	-	63,354	-	56,523	-	1,039,042
Interfund loans	-	-	-	-	-	140,000
Other receipts	-	-	-	-	4,203,235	4,204,248
Total receipts	-	63,354	-	56,523	4,203,235	29,288,933
Disbursements:						
Instruction	-	4,820	-	15,773	-	9,786,172
Support services	-	50,364	-	40,750	-	7,834,508
Noninstructional services	-	-	-	-	-	1,527,734
Facilities acquisition and construction	-	-	-	-	-	559,467
Debt service	-	-	-	-	-	5,133,672
Nonprogrammed charges	-	-	-	-	4,149,907	4,149,907
Interfund loans	-	-	-	-	-	140,000
Total disbursements	-	55,184	-	56,523	4,149,907	29,131,460
Excess (deficiency) of receipts over disbursements	-	8,170	-	-	53,328	157,473
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	1,125,000
Transfers in	-	-	-	-	-	430,816
Transfers out	-	-	-	-	-	(430,816)
Total other financing sources (uses)	-	-	-	-	-	1,125,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	8,170	-	-	53,328	1,282,473
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 152,814	\$ 8,858,365

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, 2015

	General	Debt Service	Exempt Debt	Exempt Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement
Cash and investments - beginning	\$ 1,039,419	\$ 610,441	\$ 1,861,100	\$ 48,004	\$ 673,053	\$ 520,811	\$ 241,915
Receipts:							
Local sources	322,126	1,523,343	3,889,439	440,238	1,053,159	721,872	109,556
Intermediate sources	243,319	-	-	-	-	-	-
State sources	14,601,384	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	50,000	-	-	-
Other receipts	5,789	-	-	-	-	585	-
Total receipts	<u>15,172,618</u>	<u>1,523,343</u>	<u>3,889,439</u>	<u>490,238</u>	<u>1,053,159</u>	<u>722,457</u>	<u>109,556</u>
Disbursements:							
Instruction	9,461,693	-	-	-	-	-	-
Support services	4,987,624	-	-	-	665,140	735,258	154,895
Noninstructional services	337,604	-	-	-	-	-	-
Facilities acquisition and construction	3,455	-	-	-	345,122	-	-
Debt service	4,586	1,376,311	3,771,911	406,240	-	-	-
Nonprogrammed charges	402	-	-	-	-	-	-
Interfund loans	-	-	-	50,000	-	-	-
Total disbursements	<u>14,795,364</u>	<u>1,376,311</u>	<u>3,771,911</u>	<u>456,240</u>	<u>1,010,262</u>	<u>735,258</u>	<u>154,895</u>
Excess (deficiency) of receipts over disbursements	<u>377,254</u>	<u>147,032</u>	<u>117,528</u>	<u>33,998</u>	<u>42,897</u>	<u>(12,801)</u>	<u>(45,339)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	188,742	-	-
Transfers out	(200,000)	-	-	-	(188,742)	-	-
Total other financing sources (uses)	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>177,254</u>	<u>147,032</u>	<u>117,528</u>	<u>33,998</u>	<u>42,897</u>	<u>(12,801)</u>	<u>(45,339)</u>
Cash and investments - ending	<u>\$ 1,216,673</u>	<u>\$ 757,473</u>	<u>\$ 1,978,628</u>	<u>\$ 82,002</u>	<u>\$ 715,950</u>	<u>\$ 508,010</u>	<u>\$ 196,576</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, 2015
 (Continued)

	Rainy Day	Retirement/ Severance Bond	Construction	School Lunch	Textbook Rental	Self- Insurance	Alternative Education
Cash and investments - beginning	\$ 250,000	\$ 608,684	\$ 1,121,333	\$ 196,838	\$ 289,501	\$ 1,244,855	\$ -
Receipts:							
Local sources	-	-	-	455,701	188,363	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	94,482	-	12,804
Federal sources	-	-	-	784,806	-	-	-
Interfund loans	-	-	-	-	-	50,000	-
Other receipts	-	-	-	-	1,012	-	-
Total receipts	-	-	-	1,240,507	283,857	50,000	12,804
Disbursements:							
Instruction	-	8,000	-	-	-	189,959	12,804
Support services	-	-	-	9,527	294,275	-	-
Noninstructional services	-	-	-	1,121,111	-	-	-
Facilities acquisition and construction	-	-	1,101,141	41,438	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	50,000	-
Total disbursements	-	8,000	1,101,141	1,172,076	294,275	239,959	12,804
Excess (deficiency) of receipts over disbursements	-	(8,000)	(1,101,141)	68,431	(10,418)	(189,959)	-
Other financing sources (uses):							
Transfers in	200,000	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	200,000	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	200,000	(8,000)	(1,101,141)	68,431	(10,418)	(189,959)	-
Cash and investments - ending	\$ 450,000	\$ 600,684	\$ 20,192	\$ 265,269	\$ 279,083	\$ 1,054,896	\$ -

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, 2015
 (Continued)

	Early Literacy	High Ability Grant	Non-English 14-15	School Technology	Common School Technology	School Safety Grant	Title One 2013-2014
Cash and investments - beginning	\$ -	\$ 26,885	\$ -	\$ 1,543	\$ -	\$ -	\$ (28,831)
Receipts:							
Local sources	-	-	-	7,171	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	30,000	33,704	3,687	6,105	225,000	38,141	-
Federal sources	-	-	-	-	-	-	88,777
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>30,000</u>	<u>33,704</u>	<u>3,687</u>	<u>13,276</u>	<u>225,000</u>	<u>38,141</u>	<u>88,777</u>
Disbursements:							
Instruction	20,400	60,589	3,687	-	-	-	30,394
Support services	9,600	-	-	13,151	239,500	38,141	8,760
Noninstructional services	-	-	-	-	-	-	20,792
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>30,000</u>	<u>60,589</u>	<u>3,687</u>	<u>13,151</u>	<u>239,500</u>	<u>38,141</u>	<u>59,946</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(26,885)</u>	<u>-</u>	<u>125</u>	<u>(14,500)</u>	<u>-</u>	<u>28,831</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(26,885)</u>	<u>-</u>	<u>125</u>	<u>(14,500)</u>	<u>-</u>	<u>28,831</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,668</u>	<u>\$ (14,500)</u>	<u>\$ -</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, 2015
 (Continued)

	Title One 2014-2015	Title One 2012-2013	CEIS Grant, NISEC	Improving Teaching Quality, No Child Left, Title II, Part A	Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 152,814	\$ 8,858,365
Receipts:						
Local sources	-	-	-	-	-	8,710,968
Intermediate sources	-	-	-	-	-	243,319
State sources	-	-	-	-	-	15,045,307
Federal sources	421,489	-	67,511	58,641	-	1,421,224
Interfund loans	-	-	-	-	-	100,000
Other receipts	-	-	-	-	4,380,785	4,388,171
Total receipts	421,489	-	67,511	58,641	4,380,785	29,908,989
Disbursements:						
Instruction	226,553	-	75,944	60,858	-	10,150,881
Support services	135,947	-	-	1,173	-	7,292,991
Noninstructional services	78,415	-	-	-	-	1,557,922
Facilities acquisition and construction	-	-	-	-	-	1,491,156
Debt service	-	-	-	-	-	5,559,048
Nonprogrammed charges	-	-	-	-	4,335,784	4,336,186
Interfund loans	-	-	-	-	-	100,000
Total disbursements	440,915	-	75,944	62,031	4,335,784	30,488,184
Excess (deficiency) of receipts over disbursements	(19,426)	-	(8,433)	(3,390)	45,001	(579,195)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	388,742
Transfers out	-	-	-	-	-	(388,742)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(19,426)	-	(8,433)	(3,390)	45,001	(579,195)
Cash and investments - ending	\$ (19,426)	\$ -	\$ (8,433)	\$ (3,390)	\$ 197,815	\$ 8,279,170

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GRIFFITH PUBLIC SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 751,208</u>	<u>\$ 6,422</u>

GRIFFITH PUBLIC SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Beiriger Elementary School Building Corporation	Beiriger Elementary Renovations	\$ 789,000	06/30/2010	12/31/2024
Griffith Ready Elementary School Building Corporation	Ready Elementary School Renovations	584,500	12/31/2008	12/31/2016
Griffith Multi-School Building Corporation	Griffith Senior High School Renovation and Improvements	231,000	07/01/2014	01/15/2024
Griffith Multi-School Building Corporation	High School, Middle School, and Wadsworth Elementary Renovations	<u>1,798,000</u>	07/01/2005	01/01/2022
Total of annual lease payments		<u>\$ 3,402,500</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Notes and loans payable	Building Repairs/Renovations and Instructional Technology	\$ 10,439,232	\$ 1,704,140
Notes and loans payable	Veterans Memorial Loan - Roof Repair	214,500	30,745
General obligation bond	Pension Bonds - Fund Retirement Benefits/Insurance Costs.	<u>3,055,000</u>	<u>409,052</u>
Totals		<u>\$ 13,708,732</u>	<u>\$ 2,143,937</u>

GRIFFITH PUBLIC SCHOOLS
SCHEDULE OF CAPITAL ASSETS
June 30, 2015

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>
Governmental activities:	
Infrastructure	\$ 418,793
Buildings	71,209,328
Improvements other than buildings	4,672,526
Machinery, equipment, and vehicles	<u>3,121,233</u>
Total capital assets	<u><u>\$ 79,421,880</u></u>

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

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

Report on Compliance for Each Major Federal Program

We have audited the Griffith Public Schools (School Corporation) 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 each of its major federal programs for the period of July 1, 2013 to June 30, 2015. 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.

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 each of the School Corporation's major federal programs 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Basis for Qualified Opinion on Title I Grants to Local Educational Agencies

As described in item 2015-005 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with its Title I Grants to Local Educational Agencies regarding Special Tests and Provisions - Schoolwide Programs. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

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

Qualified Opinion on Title I Grants to Local Educational Agencies

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of Title I Grants to Local Educational Agencies regarding Special Tests and Provisions - Schoolwide Programs, described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on Title I Grants to Local Educational Agencies for the period of July 1, 2013 to June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2013 to June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, 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 2015-003. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation'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 School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 School Corporation's internal control over compliance.

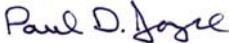
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses 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.

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

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 items 2015-002, 2015-003, 2015-004, and 2015-005 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation'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.


Paul D. Joyce, CPA
State Examiner

May 17, 2017

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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.

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GRIFFITH PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015

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	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 2014, FY 2015	\$ -	\$ 132,006	\$ -	\$ 150,411
National School Lunch Program	Indiana Department of Education	10.555	FY 2014, FY 2015	-	541,185	-	531,076
National School Lunch Program - Commodities			FY 2014, FY 2015	-	84,059	-	76,155
Total - National School Lunch Program				-	625,244	-	607,231
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2014, FY 2015	-	13,050	-	19,074
Total - Child Nutrition Cluster				-	770,300	-	776,716
Total - Department of Agriculture				-	770,300	-	776,716
Department of Education							
Special Education Cluster (IDEA)							
Special Education_Grants to States							
Technical Assistance for Special Education	Indiana Department of Education	84.027	99914-047-TA01	-	7,652	-	5,393
IDEA Part B Section 611			14213-047-PN01	-	112,239	-	131
IDEA Part B Section 611			14214-047-PN01	-	400,701	-	142,629
IDEA Part B Section 611			14215-047-PN01	-	-	-	350,658
Total - Special Education_Grants to States				-	520,592	-	498,811
Special Education_Preschool Grants							
IDEA Part B Section 619	Indiana Department of Education	84.173	45713-047-PN01	-	5,627	-	-
IDEA Part B Section 619			45714-047-PN01	-	9,977	-	7,031
IDEA Part B Section 619			45715-047-PN01	-	-	-	11,709
Total - Special Education_Preschool Grants				-	15,604	-	18,740
Total - Special Education Cluster (IDEA)				-	536,196	-	517,551
Title I Grants to Local Educational Agencies							
Title I, 2012-13, 4140	Indiana Department of Education	84.010	13-4700	-	63,354	-	-
Title I, 2013-14, 4100			14-4700	-	299,393	-	88,777
Title I, 2014-15, 4110			15-4700	-	-	-	421,489
Total - Title I Grants to Local Educational Agencies				-	362,747	-	510,266
Improving Teacher Quality State Grants							
Title II, A, 6840	Indiana Department of Education	84.367	2012-2014	-	56,523	-	-
Title II, A, 6840.14			2013-2015	-	-	-	50,729
Title II, A, 6840.15			2014-2016	-	-	-	7,912
Total - Improving Teacher Quality State Grants				-	56,523	-	58,641
Total - Department of Education				-	955,466	-	1,086,458
Total federal awards expended				\$ -	\$ 1,725,766	\$ -	\$ 1,863,174

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 (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2014 and 2015. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 3. Special Education Cooperative

The School Corporation is a member of a Special Education Cooperative. As a result, some activity for the Special Education Cluster (IDEA) that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Special Education Cooperative.

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

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to the following functions:

Cash and Investment Balances: Bank reconciliations were performed by the Treasurer; however, a proper system of oversight or review was not evidenced.

Receipts: Documentation that receipts were reviewed and had been properly recorded in the correct fund and account and for the correct amount, was not evidenced.

Vendor Disbursements:

- a. The Treasurer's signature was on most of the Accounts Payable Vouchers via the use of a signature stamp. The signature stamp was maintained by the Accounts Payable Clerk who processed the Accounts Payable Vouchers.

- b. Various checks were written manually that were not posted to the School Corporation's ledger and, subsequently, were not listed on the Accounts Payable Voucher registers that were approved by the Treasurer and the School Board.

Payroll Disbursements: The Payroll Clerk who processed and prepared all payroll checks, also entered all individual pay rates, including her own, without a proper system of oversight or review. In addition, the School Corporation used an electronic time clock to track actual hours worked by employees. Supervisors' were assigned the appropriate employee's time for approval within the time clock software. Documentation was not provided to verify managements' approval of hours worked for employees whose Supervisors were no longer employed by, or had changed location within, the School Corporation.

Adjusting Entries: Adjusting entries lacked supporting documentation and were created by one individual without a proper system of oversight or review.

Schedule of Expenditures of Federal Awards (SEFA): The School Corporation did not have a proper system of oversight or review in place to prevent, or detect and correct, errors on the SEFA.

2. Monitoring of Controls: The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting required the School Corporation to monitor and assess the quality of the system of internal control.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

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

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

Indiana Code 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

Cause

Management of the School Corporation had not established a proper system of internal control.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that controls may not have been either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-002 - INTERNAL CONTROLS OVER CASH MANAGEMENT, ELIGIBILITY, PROCUREMENT AND SUSPENSION AND DEBARMENT, REPORTING, AND SPECIAL TESTS AND PROVISIONS - VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014, FY 2015

Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Cash Management, Eligibility, Procurement and Suspension and Debarment, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Cash Management

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances (Net Cash Resources) were limited to the three months average expenditures in compliance with Cash Management requirements. A proper system of oversight, review, or monitoring of the cash balances (Net Cash Resources) was not evidenced.

Eligibility and Special Tests and Provisions - Verifications of Free and Reduced Price Applications (NSLP)

The School Corporation had not designed or implemented adequate policies or procedures to ensure that students' eligibility for free and reduced price lunches was properly determined or that the applications for free and reduced price lunches were verified in compliance with program requirements. One employee was solely responsible for the eligibility determinations and verifications.

A computer software program was used to determine eligibility; however, one employee manually entered family information into the computer software program without a proper system of oversight or review to ensure correct information was entered. In addition, the School Corporation did not have any procedures in place to ensure the eligibility guidelines in the software program were accurate.

Procurement and Suspension and Debarment

The School Corporation hired a third-party provider to administer their food service program. Controls or procedures were not in place to ensure that the provider was not suspended or debarred from doing business with the federal government.

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

Reporting

The School Corporation had not properly designed controls over the Reporting requirements. One contracted person completed and submitted the monthly Sponsor Claim (claim for reimbursement), the Annual Financial Reports, and the School Food Authority (SFA) Verification Collection Reports without a proper system of oversight or review.

Context

This is a systemic problem. There were no documented internal controls for these compliance requirements during the audit period.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"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. . . ."

Cause

The School Corporation failed to establish a proper internal control structure to ensure compliance with requirements associated with the Cash Management, Eligibility, Procurement and Suspension and Debarment, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Effect

The failure to establish internal controls could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Cash Management, Eligibility, Procurement and Suspension and Debarment, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

FINDING 2015-003 - PROGRAM INCOME AND SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014, FY 2015
Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the requirements for Program Income and Special Tests and Provisions - Paid Lunch Equity.

Controls were not in place to ensure that the School Corporation charged the school lunch prices that were approved by the School Board.

On March 13, 2014, the School Board approved a meal price increase for the 2014-2015 school year in order to meet Paid Lunch Equity requirements. All elementary school paid lunches were to be increased by \$0.10, secondary paid lunches were to be increased by \$0.05, adult breakfast and lunches were to be increased by \$0.05 and \$0.10, respectively. However, the actual amount charged and collected for the elementary school paid lunches and the adult breakfast and lunches did not include the approved increase. The loss of program income to the School Corporation for the elementary school paid lunches and adult meals was \$4,592.70 and \$285.60, respectively.

Context

This is a systemic problem since the approved increased prices were not properly updated in the software system. School Board approved rates were not properly charged or collected for all schools during the 2014-2015 school year.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"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. . . ."

7 CFR 210.14(e) states in part:

"*Pricing paid lunches.* For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) *Calculation procedures.* Each school food authority shall:

(i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.

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

(ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);

(iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . ."

7 CFR 210.15(b) states in part:

"Recordkeeping summary. In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to:

(6) Records to document compliance with the requirements in §210.14(e); . . ."

Cause

The School Corporation had not developed a system of internal controls to ensure compliance with Program Income and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirements resulted in the loss of program income and could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Program Income and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-004 - INTERNAL CONTROLS OVER ELIGIBILITY, PERIOD OF AVAILABILITY, REPORTING, AND SPECIAL TESTS AND PROVISIONS - COMPARABILITY, HIGHLY QUALIFIED TEACHERS AND PARAPROFESSIONALS, AND ASSESSMENT SYSTEM SECURITY

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 13-4700, 14-4700, 15-4700

Pass-Through Entity: Indiana Department of Education

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

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Eligibility, Period of Availability, Reporting, and Special Tests and Provisions - Comparability, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, and Special Tests and Provisions - Assessment System Security.

Eligibility

The grant application included the Eligible School Summary report which included the data used to make the schools eligibility determination. Evidence that an official verified the poverty numbers and student counts or non-public enrollment numbers used in the Eligible School Summary was not documented.

Period of Availability, Reporting, Special Tests and Provisions - Comparability

Documentation was not provided that someone other than the Treasurer reviewed activities and transactions for compliance with the Period of Availability requirements.

School Corporation officials indicated that one employee prepared and submitted the Final Expenditure Report without oversight or review.

Documentation was not provided that someone other than the preparer reviewed the comparability report or the data contained in the comparability report prior to its submission.

Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals

Controls were not in place to ensure that all Title I paraprofessionals were highly qualified before they were hired.

Special Tests and Provisions - Assessment System Security

The appropriate administration and building personnel certified the Indiana Testing Security and Integrity Agreement that documented their understanding of the School Corporation's test security measures and policies. However, the control was not properly implemented since not all certifications were provided.

Context

It was determined that these were systemic problems. There was no evidence of controls over Eligibility, Period of Availability, Reporting, and Special Tests and Provisions - Comparability, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, and Special Tests and Provisions - Assessment System Security during the audit period.

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

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"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. . . ."

Cause

The School Corporation failed to establish an effective internal control structure to ensure compliance with the requirements noted above.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Eligibility, Period of Availability, Reporting, and Special Tests and Provisions - Comparability, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, and Special Tests and Provisions - Assessment System Security compliance requirements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-005 - SPECIAL TESTS AND PROVISIONS - SCHOOLWIDE PROGRAMS

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 13-4700, 14-4700, 15-4700
Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the requirements for Special Tests and Provisions - Schoolwide Programs.

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

The School Corporation could not provide documentation that the required needs assessments or schoolwide plans for the 2013-2014 or 2014-2015 school years were created, developed, reviewed, and annually evaluated.

Context

This was a systemic problem. Documentation was not provided to support the Special Tests and Provisions - Schoolwide Programs requirements.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"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. . . ."

34 CFR 74.53(b) states in part:

"Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Secretary. . . ."

Cause

The School Corporation had not developed a system of internal controls to ensure that documentation was maintained and made available for audit relating to the Special Tests and Provisions - Schoolwide Programs compliance requirement.

Effect

The failure to retain or provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Schoolwide Program requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

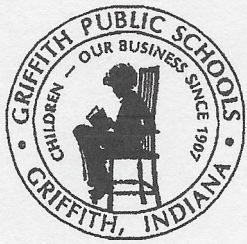
We recommended that the School Corporation's management establish controls to ensure that documentation was maintained and made available for audit relating to the Special Tests and Provisions - Schoolwide Programs requirements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.



Griffith Public Schools

Superintendent of Schools
Peter Morikis, Ph.D.

Board of School Trustees
Gary J Sutton, President
Leah Dumezich, First Vice President
Raymond White, Second Vice President
Lisa Megquier, Secretary
Jennifer Dildine, Assistant Secretary

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS CONTINUED

FINDING 2013-002 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE CHILD NUTRITION CLUSTER PROGRAMS

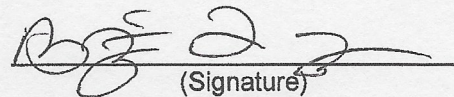
Original Assigned SBA Audit Report Number: B43339
Report Period: July 1, 2011 to June 30, 2013
Federal Grantor Agency: U.S. Department of Agriculture
Pass Through Entity: Indiana Department of Education
Federal Program: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children
CFDA Number: 10.553, 10.555, 10.559
Federal Award: FY2012, FY2013
Contact Person Responsible for Corrective Action: Britney McCray, Director of Food Service
Contact Phone Number: 219-924-4250
Status of Audit Finding: Current with Continued Effort

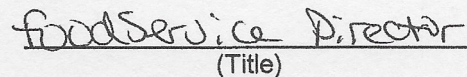
Eligibility and Verification of Free and Reduced Price Applications

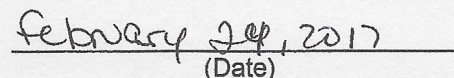
The responsibility for eligibility determinations and verifications is currently assigned to the food service secretary and the superintendent's secretary also helps input the free/reduced applications. The POS system makes the eligibility determination and then the food service secretary mails the approval/denial letters that are first verified by the Director. The Director of Food Service performs periodic random reviews of the applications. The Director also performs the mandated verification process.

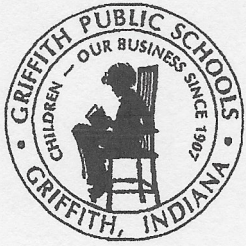
Reporting

During the 2011-2013 school year Chartwells was responsible for our Food Service in the district. The treasurer was to review the reports they had submitted. Starting in 2015 we no longer use Chartwells. The Director of Food Service is responsible for reviewing the reports before being submitted.


(Signature)


(Title)


(Date)



Griffith Public Schools

Superintendent of Schools
Peter Morikis, Ph.D.

Board of School Trustees
Gary J Sutton, President
Leah Dumezich, First Vice President
Raymond White, Second Vice President
Lisa Megguier, Secretary
Jennifer Dildine, Assistant Secretary

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS CONTINUED

FINDING 2013-003 - COMPLIANCE OVER REPORTING REQUIREMENTS RELATED TO THE CHILD NUTRITION CLUSTER PROGRAMS


Original Assigned SBA Audit Report Number: B43339
Report Period: July 1, 2011 to June 30, 2013
Federal Grantor Agency: U.S. Department of Agriculture
Pass Through Entity: Indiana Department of Education
Federal Program: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children
CFDA Number: 10.553, 10.555, 10.559
Federal Award: FY2012, FY2013
Contact Person Responsible for Corrective Action: Britney McCray, Director of Food Service
Contact Phone Number: 219-924-4250
Status of Audit Finding: Current with Continued Effort

Monthly Claim for Reimbursement

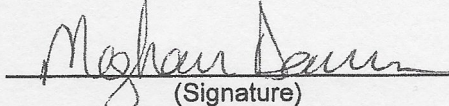
Formalizing the reporting process for the snack counts from the afterschool care program at the YMCA is still implemented. They use the same form that is provided on the IDOE website. The forms are completed each day by a program sponsor and once a week an employee of GPS collects the forms. At the end of the month all official forms are turned into the Food Service Director to be tallied and input for reimbursement.

Annual Financial Report

The National School Lunch Program (NSLP) Annual Financial Report as of 2016 is handled by the Food Service Director with the assistance of the treasurer to make sure all monies are recorded.

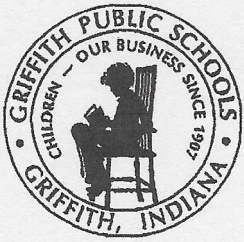

(Signature)

Food Service Director
(Title)


(Signature)

Corporation Treasurer
(Title)

8-24-17
(Date)



Griffith Public Schools

Superintendent of Schools
Peter Morikis, Ph.D.

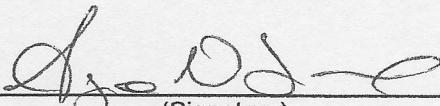
Board of School Trustees
Gary J Sutton, President
Leah Dumezich, First Vice President
Raymond White, Second Vice President
Lisa Megquier, Secretary
Jennifer Dildine, Assistant Secretary

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS CONTINUED

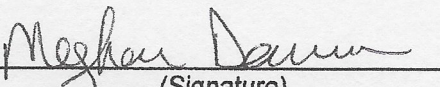
FINDING 2013-004 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE EDUCATION JOBS FUND

Original Assigned SBA Audit Report Number: B43339
Report Period: July 1, 2011 to June 30, 2013
Federal Grantor Agency: Department of Education
Federal Program: Education Jobs Fund
CFDA Number: 84.410
Federal Sward: Fund 7965-4700
Pass-Through Entity, if pass-through: Indiana Department of Education
Contact Person Responsible for Corrective Action: George Jerome, Director of Finance & Operations and Meghan Damron, Treasurer
Contact Phone Number: 219-924-4250
Status of Audit Finding: Current with Continued Effort

The Educational Jobs Fund was expended and closed by December of 2012. The fund is currently inactive.

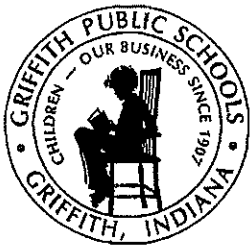

(Signature)

DIRECTOR OF FINANCE
(Title)


(Signature)

Corporation Treasurer
(Title)

2-24-17
(Date)



Griffith Public Schools

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CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: George Jerome and Meghan Damron
Contact Phone Number: 219-924-4250

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

Griffith Public School is in the process of establishing oversight and segregation of duties in bank reconciliations, receipts, vendor disbursements, payroll and adjusting entries. We will be creating spreadsheets and checklists that will be our checks and balances and provide signatures of the person inputting as well as the Treasurer and/or the Director of Finance as a final review.

To show oversight in the creation of the Schedule of Expenditures of Federal Awards (SEFA) the Director of Finance and the Treasurer will review and sign off on a summary of the documents used to create the report.

Monitoring of Controls

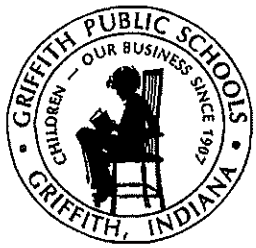
Once the aforementioned internal controls are implemented, the next step will be for the district to review the effectiveness of these controls. This will involve a separate administrator who is not involved in the Business Department control structure to evaluate.

Anticipated Completion Date: Some findings have been corrected since the new Director of Finance and Treasurer were hired in August and September of 2016. All other findings will be corrected immediately.

Meghan Damron
(Signature)

Corporation Treasurer
(Title)

5-15-17
(Date)



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FINDING 2015-002

Contact Person Responsible for Corrective Action: Britney McCray
Contact Phone Number: 219-924-4250

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

Cash Management

The school district has a new bank for food service. This allows us to use online banking that facilitates monitoring procedures. The account will be evaluated on a monthly basis. If there is an excess of funds the corporation will look into updating outdated equipment and improving the quality, quantity and selections of meal items offered.

Eligibility and Special Tests and Provisions-Verifications

Randomly and periodically throughout the year the Food Service Director pulls a sample of applications from all eligibilities and double checks the results.

Suspension and Debarment

A clause regarding suspension and debarment is included in all RFP information sent to vendors. The vendors are required to sign that they have not been suspended or debarred. The third party company used to procure foods and other services requires all companies to provide them with information noting that the manufacturer has not been suspended or debarred.

Reporting

The Administrative Secretary initially compiles all information needed to complete the claim for reimbursement. Once that is finished the Food Service Director will compile their own information needed and double check all entries and officially submit the claim to state. Both parties will sign that it has been completed and reviewed. The Food Service Director will compile all information needed for the annual financial report and verification. Once all information is compiled the District Treasurer will review the information before it is submitted to state. Both parties will sign that it has been completed and reviewed.

Anticipated Completion Date:

All criteria for cash management, eligibility and special tests, suspension and debarment, and reporting claims for reimbursement have been implemented.

Fall 2017 when the next annual financial report and verification needs to be completed is when the corrective action will take place.

Britney McCray
(Signature)

Food Service Director
(Title)

May 15, 2017
(Date)



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FINDING 2015-003

Contact Person Responsible for Corrective Action: Britney McCray
Contact Phone Number: 219-924-4250

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

Paid Lunch Equity

All updates of changes to meal prices were submitted to the school board for approval. All copies of PLEs completed will be saved on the Food Service Director's computer as well as filed in each school year's paperwork and submitted to state. Each year on or around July 1st all meal prices will be reviewed and updated in the point of sale software to reflect the findings from the PLE that were board approved.

Anticipated Completion Date:
July 1, 2017

B. J. J.
(Signature)

Food Service Director
(Title)

May 15, 2017
(Date)



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FINDING 2015-004

Contact Person Responsible for Corrective Action: Meghan Damron
Contact Phone Number: 219-924-4250

Views of Responsible Official: We agree with this finding.

Description of Corrective Action Plan:

Griffith Public Schools employee responsible for the Title I grant left the corporation June 30, 2015. Her replacement was not familiar with how everything needed to be organized to stay in compliance with this grant. Upon these internal control deficiencies being brought to our attention we are taking the steps to train all involved to follow all the grants rules and regulations. Specifically, the Corporation Treasurer now maintains a spreadsheet that keeps track of the grants. This spreadsheet is updated on a monthly basis. Also, grant reimbursements are now requested monthly. By requesting the reimbursements on a monthly basis, the Treasurer reviews the grant activity in a timely manner and notices if any inappropriate expenditures have been charged to the grant. The Treasurer will then have the Title I administrator review the expenditure report and sign off on the review before submitting for the reimbursement. The Treasurer and the Title I administrator will continue to have open communication to ensure that all grant activity and organization of documentation is completed. The school district will continue to improve on our internal control procedures and implement others if any weaknesses are later discovered.

Anticipated Completion Date: We are implementing better internal controls effective immediately.

Meghan Damron
(Signature)

Corporation Treasurer
(Title)

5-15-17
(Date)



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FINDING 2015-005

Contact Person Responsible for Corrective Action: Meghan Damron
Contact Phone Number: 219-924-4250

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

The Treasurer and Title I Administrators will be attending a Title I seminar on May 23, 2017 to better familiarize ourselves with the proper compliance requirements that are needed for the grant. This will also help us to implement the internal controls that we are working to establish for all grants in our district. We will continue to utilize all resources available to us to put these procedures in place and implement others in the areas needed now and for future weaknesses discovered.

Anticipated Completion Date: May 23, 2017

Meghan Damron
(Signature)

Corporation Treasurer
(Title)

5-15-17
(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.