

**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, 2015 to June 30, 2017



**FILED**  
05/11/2018



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kathleen Dowling	07-01-15 to 06-30-16
	(Vacant)	07-01-16 to 07-24-16
	Sandra Gross (interim)	07-25-16 to 08-09-16
	Meghan Damron	08-10-16 to 12-31-18
Superintendent of Schools	Dr. Peter Morikis	07-01-15 to 02-09-18
	Michele Riise	02-10-18 to 12-31-18
President of the School Board	Raymond White	07-01-15 to 12-31-15
	Gerald Potacki	01-01-16 to 12-31-16
	Gary Sutton	01-01-17 to 12-31-17
	Leah Powell-Dumezich	01-01-18 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

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, 2015 to June 30, 2017, 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 from 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 to 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, 2015 to June 30, 2017.

***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, 2015 to June 30, 2017, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 April 26, 2018, 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 solely 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 effectiveness of the School Corporation's 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

April 26, 2018



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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, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated April 26, 2018, 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001, that we consider to be a significant deficiency.

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**

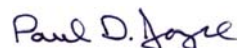
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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

April 26, 2018

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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, 2016 and 2017

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-15	Receipts	Disbursements		06-30-16	Receipts	Disbursements		
General	\$ 1,216,673	\$ 15,426,413	\$ 15,138,568	\$ (152)	\$ 1,504,366	\$ 16,227,678	\$ 15,933,478	\$ -	\$ 1,798,566
Debt Service	757,473	1,398,241	1,496,926	-	658,788	1,343,378	1,261,663	-	740,503
Exempt Debt	1,978,628	2,946,095	3,650,903	-	1,273,820	3,378,634	3,534,403	-	1,118,051
Exempt Pension Debt	82,002	376,601	386,296	-	72,307	353,094	426,761	-	(1,360)
Capital Projects	715,950	888,451	1,481,167	-	123,234	987,109	771,056	-	339,287
School Transportation	508,010	697,594	641,611	-	563,993	629,489	849,650	-	343,832
School Bus Replacement	196,576	127,244	126,886	-	196,934	-	-	-	196,934
Rainy Day	450,000	-	243,956	100,000	306,044	-	10,341	100,000	395,703
Retirement/Severance Bond	600,684	1,600	259,777	50,180	392,687	-	341,051	-	51,636
Construction	20,192	-	20,192	-	-	-	-	-	-
School Lunch	265,269	1,305,317	735,035	152	835,703	1,348,078	1,674,829	-	508,952
Textbook Rental	279,083	387,351	413,234	-	253,200	229,162	455,176	-	27,186
Self-Insurance	1,054,896	53,500	198,343	-	910,053	-	1,399	-	908,654
Alternative Education	-	-	-	-	-	24,120	13,619	-	10,501
Lilly Grant Endowment	-	-	-	-	-	25,249	17,094	-	8,155
Formative Assessment	-	23,713	-	-	23,713	30,511	23,713	-	30,511
High Ability	-	34,579	-	-	34,579	34,176	69,111	-	(356)
Common School Technology Loan	-	-	-	-	-	232,712	231,851	-	861
School Technology	1,668	3,324	2,748	-	2,244	6,308	11,713	-	(3,161)
Career and Technical Performance Grant	-	-	-	-	-	13,574	10,205	-	3,369
Performance Based Awards	-	-	-	-	-	114,794	107,160	-	7,634
Excellence in Performance Grant	-	-	-	-	-	40,799	37,850	-	2,949
Common School Technology	(14,500)	225,800	211,300	-	-	-	-	-	-
15-16 School Safety	-	-	50,000	-	(50,000)	50,000	-	-	-
Title One 2014-2015	(19,426)	135,490	116,064	-	-	-	-	-	-
Title One 15-16	-	-	410,191	-	(410,191)	471,285	61,094	-	-
Title I 16-17	-	-	-	-	-	385,761	418,801	-	(33,040)
CEIS Grant, NISEC	(8,433)	48,859	56,133	-	(15,707)	91,149	37,437	-	38,005
Education Foundation Grant (Local)	-	-	-	-	-	26,450	19,389	-	7,061
Improving Teacher Quality, No Child Left, Title II, Part A	(3,390)	-	77,099	-	(80,489)	124,208	49,659	-	(5,940)
Food Service Payroll	-	-	493,654	-	(493,654)	982,329	520,173	-	(31,498)
Clearing	197,815	4,362,549	4,456,812	-	103,552	4,103,810	4,063,613	-	143,749
Totals	\$ 8,279,170	\$ 28,442,721	\$ 30,666,895	\$ 150,180	\$ 6,205,176	\$ 31,253,857	\$ 30,952,289	\$ 100,000	\$ 6,606,744

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.

*Sale of capital assets.* Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

*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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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, 2016 or 2017.

The Exempt Pension Debt fund has a negative balance due to not receiving enough taxes to pay for what was due. The School Corporation has advertised to try to cover the deficit for the new budget.

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 and the Beiriger 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 years ended June 30, 2016 and 2017, totaled \$3,289,000 and \$3,212,000, respectively.

**Note 9. *Other Postemployment Benefits***

The School Corporation provides health benefits to eligible retirees and their spouses. 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://www.doe.in.gov/finance/school-financial-reports>. 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 Indiana Gateway for Government Units 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.

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GRIFFITH PUBLIC SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	General	Debt Service	Exempt Debt	Exempt Pension Debt	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/Severance Bond	Construction	School Lunch
Cash and investments - beginning	\$ 1,216,673	\$ 757,473	\$ 1,978,628	\$ 82,002	\$ 715,950	\$ 508,010	\$ 196,576	\$ 450,000	\$ 600,684	\$ 20,192	\$ 265,269
Receipts:											
Local sources	68,631	1,398,241	2,946,095	376,601	888,451	688,834	49,507	-	1,600	-	447,976
Intermediate sources	163,352	-	-	-	-	-	-	-	-	-	-
State sources	15,168,021	-	-	-	-	-	-	-	-	-	8,924
Federal sources	-	-	-	-	-	-	-	-	-	-	847,405
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	26,409	-	-	-	-	8,760	77,737	-	-	-	1,012
Total receipts	15,426,413	1,398,241	2,946,095	376,601	888,451	697,594	127,244	-	1,600	-	1,305,317
Disbursements:											
Instruction	9,844,976	-	-	-	10,430	-	-	186,734	191,825	-	-
Support services	4,895,938	-	-	-	828,923	641,611	126,886	57,222	66,252	-	1,280
Noninstructional services	395,201	-	-	-	-	-	-	-	-	-	733,356
Facilities acquisition and construction	2,453	-	-	-	641,814	-	-	-	-	20,192	399
Debt service	-	1,496,926	3,650,903	336,296	-	-	-	-	1,700	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	50,000	-	-	-	-	-	-	-
Total disbursements	15,138,568	1,496,926	3,650,903	386,296	1,481,167	641,611	126,886	243,956	259,777	20,192	735,035
Excess (deficiency) of receipts over disbursements	287,845	(98,685)	(704,808)	(9,695)	(592,716)	55,983	358	(243,956)	(258,177)	(20,192)	570,282
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	50,180	-	-
Sale of capital assets	-	-	-	-	-	-	-	100,000	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	152
Transfers out	(152)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(152)	-	-	-	-	-	-	100,000	50,180	-	152
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	287,693	(98,685)	(704,808)	(9,695)	(592,716)	55,983	358	(143,956)	(207,997)	(20,192)	570,434
Cash and investments - ending	\$ 1,504,366	\$ 658,788	\$ 1,273,820	\$ 72,307	\$ 123,234	\$ 563,993	\$ 196,934	\$ 306,044	\$ 392,687	\$ -	\$ 835,703

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, 2016

	Textbook Rental	Self- Insurance	Alternative Education	Lilly Grant Endowment	Formative Assessment	High Ability	Common School Technology Loan	School Technology	Career and Technical Performance Grant	Performance Based Awards	Excellence in Performance Grant
Cash and investments - beginning	\$ 279,083	\$ 1,054,896	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,668	\$ -	\$ -	\$ -
Receipts:											
Local sources	288,446	3,500	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	98,905	-	-	-	23,713	34,579	-	3,324	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	50,000	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	387,351	53,500	-	-	23,713	34,579	-	3,324	-	-	-
Disbursements:											
Instruction	-	198,343	-	-	-	-	-	-	-	-	-
Support services	413,234	-	-	-	-	-	-	2,748	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	413,234	198,343	-	-	-	-	-	2,748	-	-	-
Excess (deficiency) of receipts over disbursements	(25,883)	(144,843)	-	-	23,713	34,579	-	576	-	-	-
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(25,883)	(144,843)	-	-	23,713	34,579	-	576	-	-	-
Cash and investments - ending	\$ 253,200	\$ 910,053	\$ -	\$ -	\$ 23,713	\$ 34,579	\$ -	\$ 2,244	\$ -	\$ -	\$ -

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, 2016

	Common School Technology	15-16 School Safety	Title One 2014-2015	Title One 15-16	Title I 16-17	CEIS Grant, NISEC	Education Foundation Grant (Local)	Improving Teacher Quality, No Child Left, Title II, Part A	Food Service Payroll	Clearing	Totals
Cash and investments - beginning	\$ (14,500)	\$ -	\$ (19,426)	\$ -	\$ -	\$ (8,433)	\$ -	\$ (3,390)	\$ -	\$ 197,815	\$ 8,279,170
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	7,157,882
Intermediate sources	-	-	-	-	-	-	-	-	-	-	163,352
State sources	225,800	-	-	-	-	-	-	-	-	-	15,563,266
Federal sources	-	-	135,490	-	-	48,859	-	-	-	-	1,031,754
Interfund loans	-	-	-	-	-	-	-	-	-	-	50,000
Other receipts	-	-	-	-	-	-	-	-	-	4,362,549	4,476,467
Total receipts	225,800	-	135,490	-	-	48,859	-	-	-	4,362,549	28,442,721
Disbursements:											
Instruction	-	-	59,003	126,958	-	56,133	-	77,099	-	-	10,751,501
Support services	211,300	50,000	56,943	93,933	-	-	-	-	-	-	7,446,270
Noninstructional services	-	-	118	189,300	-	-	-	-	-	-	1,317,975
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	664,858
Debt service	-	-	-	-	-	-	-	-	-	-	5,485,825
Nonprogrammed charges	-	-	-	-	-	-	-	-	493,654	4,456,812	4,950,466
Interfund loans	-	-	-	-	-	-	-	-	-	-	50,000
Total disbursements	211,300	50,000	116,064	410,191	-	56,133	-	77,099	493,654	4,456,812	30,666,895
Excess (deficiency) of receipts over disbursements	14,500	(50,000)	19,426	(410,191)	-	(7,274)	-	(77,099)	(493,654)	(94,263)	(2,224,174)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	50,180
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	100,000
Transfers in	-	-	-	-	-	-	-	-	-	-	152
Transfers out	-	-	-	-	-	-	-	-	-	-	(152)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	150,180
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,500	(50,000)	19,426	(410,191)	-	(7,274)	-	(77,099)	(493,654)	(94,263)	(2,073,994)
Cash and investments - ending	\$ -	\$ (50,000)	\$ -	\$ (410,191)	\$ -	\$ (15,707)	\$ -	\$ (80,489)	\$ (493,654)	\$ 103,552	\$ 6,205,176

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, 2017

	General	Debt Service	Exempt Debt	Exempt Pension Debt	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/Severance Bond	Construction	School Lunch
Cash and investments - beginning	\$ 1,504,366	\$ 658,788	\$ 1,273,820	\$ 72,307	\$ 123,234	\$ 563,993	\$ 196,934	\$ 306,044	\$ 392,687	\$ -	\$ 835,703
Receipts:											
Local sources	189,787	1,343,378	3,378,634	353,094	987,109	629,489	-	-	-	-	475,243
Intermediate sources	283,053	-	-	-	-	-	-	-	-	-	-
State sources	15,752,502	-	-	-	-	-	-	-	-	-	10,934
Federal sources	-	-	-	-	-	-	-	-	-	-	860,889
Other receipts	2,336	-	-	-	-	-	-	-	-	-	1,012
Total receipts	16,227,678	1,343,378	3,378,634	353,094	987,109	629,489	-	-	-	-	1,348,078
Disbursements:											
Instruction	10,104,861	-	-	-	(7)	-	-	2,144	206,656	-	-
Support services	5,449,819	-	-	-	629,179	849,650	-	2,199	130,967	-	4,679
Noninstructional services	371,768	-	-	-	-	-	-	-	3,428	-	1,670,150
Facilities acquisition and construction	7,030	-	-	-	141,884	-	-	5,998	-	-	-
Debt service	-	1,261,663	3,534,403	426,761	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	15,933,478	1,261,663	3,534,403	426,761	771,056	849,650	-	10,341	341,051	-	1,674,829
Excess (deficiency) of receipts over disbursements	294,200	81,715	(155,769)	(73,667)	216,053	(220,161)	-	(10,341)	(341,051)	-	(326,751)
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	100,000	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	100,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	294,200	81,715	(155,769)	(73,667)	216,053	(220,161)	-	89,659	(341,051)	-	(326,751)
Cash and investments - ending	\$ 1,798,566	\$ 740,503	\$ 1,118,051	\$ (1,360)	\$ 339,287	\$ 343,832	\$ 196,934	\$ 395,703	\$ 51,636	\$ -	\$ 508,952

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, 2017

	Textbook Rental	Self- Insurance	Alternative Education	Lilly Grant Endowment	Formative Assessment	High Ability	Common School Technology Loan	School Technology	Career and Technical Performance Grant	Performance Based Awards	Excellence in Performance Grant
Cash and investments - beginning	\$ 253,200	\$ 910,053	\$ -	\$ -	\$ 23,713	\$ 34,579	\$ -	\$ 2,244	\$ -	\$ -	\$ -
Receipts:											
Local sources	127,953	-	-	25,249	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	101,209	-	24,120	-	30,511	34,176	232,712	6,308	13,574	114,794	40,799
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	229,162	-	24,120	25,249	30,511	34,176	232,712	6,308	13,574	114,794	40,799
Disbursements:											
Instruction	-	1,399	13,619	65	23,713	69,111	-	-	10,205	107,160	37,850
Support services	455,176	-	-	17,029	-	-	231,851	11,713	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	455,176	1,399	13,619	17,094	23,713	69,111	231,851	11,713	10,205	107,160	37,850
Excess (deficiency) of receipts over disbursements	(226,014)	(1,399)	10,501	8,155	6,798	(34,935)	861	(5,405)	3,369	7,634	2,949
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(226,014)	(1,399)	10,501	8,155	6,798	(34,935)	861	(5,405)	3,369	7,634	2,949
Cash and investments - ending	\$ 27,186	\$ 908,654	\$ 10,501	\$ 8,155	\$ 30,511	\$ (356)	\$ 861	\$ (3,161)	\$ 3,369	\$ 7,634	\$ 2,949

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, 2017

	Common School Technology	15-16 School Safety	Title One 2014-2015	Title One 15-16	Title I 16-17	CEIS Grant, NISEC	Education Foundation Grant (Local)	Improving Teacher Quality, No Child Left, Title II, Part A	Food Service Payroll	Clearing	Totals
Cash and investments - beginning	\$ -	\$ (50,000)	\$ -	\$ (410,191)	\$ -	\$ (15,707)	\$ -	\$ (80,489)	\$ (493,654)	\$ 103,552	\$ 6,205,176
Receipts:											
Local sources	-	50,000	-	-	-	-	26,450	-	-	-	7,586,386
Intermediate sources	-	-	-	-	-	-	-	-	-	-	283,053
State sources	-	-	-	-	-	-	-	-	-	-	16,361,639
Federal sources	-	-	-	471,285	385,761	91,149	-	124,208	-	-	1,933,292
Other receipts	-	-	-	-	-	-	-	-	982,329	4,103,810	5,089,487
Total receipts	-	50,000	-	471,285	385,761	91,149	26,450	124,208	982,329	4,103,810	31,253,857
Disbursements:											
Instruction	-	-	-	2,877	149,835	37,437	18,384	49,659	-	-	10,834,968
Support services	-	-	-	36,663	186,082	-	1,005	-	-	-	8,006,012
Noninstructional services	-	-	-	21,554	82,884	-	-	-	-	-	2,149,784
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	154,912
Debt service	-	-	-	-	-	-	-	-	-	-	5,222,827
Nonprogrammed charges	-	-	-	-	-	-	-	-	520,173	4,063,613	4,583,786
Total disbursements	-	-	-	61,094	418,801	37,437	19,389	49,659	520,173	4,063,613	30,952,289
Excess (deficiency) of receipts over disbursements	-	50,000	-	410,191	(33,040)	53,712	7,061	74,549	462,156	40,197	301,568
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	100,000
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	100,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	50,000	-	410,191	(33,040)	53,712	7,061	74,549	462,156	40,197	401,568
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (33,040)	\$ 38,005	\$ 7,061	\$ (5,940)	\$ (31,498)	\$ 143,749	\$ 6,606,744

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 25,977</u>	<u>\$ -</u>

GRIFFITH PUBLIC SCHOOLS  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Beiriger Elementary School Building Corporation	Beiriger 2009A & 2009B	\$ 790,000	06/30/2010	12/31/2024
Griffith Multi-School Building Corporation	A Valorem Property Tax First Mortgage Bonds Series 2013	228,000	07/01/2014	01/15/2024
Griffith Multi-School Building Corporation	Refund Debt	<u>2,232,000</u>	08/13/2015	01/01/2022
Total of annual lease payments		<u>\$ 3,250,000</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Notes and loans payable	Common School Loans - Building Repairs/Renovations/Instructional Technology	\$ 8,056,220	\$ 1,502,396
General obligation bond	Pension Bonds - Fund Retirement Benefits/Insurance Costs	2,545,000	374,697
Notes and loans payable	Veterans Memorial Loan - Roof Repair	<u>157,300</u>	<u>30,173</u>
Totals		<u>\$ 10,758,520</u>	<u>\$ 1,907,266</u>

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2017

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	\$ 4,219,100
Buildings	71,209,328
Improvements other than buildings	1,995,236
Machinery, equipment, and vehicles	<u>2,042,519</u>
Total capital assets	<u><u>\$ 79,466,183</u></u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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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 *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Child Nutrition Cluster***

As described in items 2017-002, 2017-003, and 2017-005, in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Program Income, Reporting, and Procurement and Suspension and Debarment that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

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

As described in item 2017-007, 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 Title I Grants to Local Educational Agencies regarding Special Tests and Provisions - Comparability. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

***Qualified Opinion on Child Nutrition Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, 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 the Child Nutrition Cluster for the period of July 1, 2015 to June 30, 2017.

***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 the Title I Grants to Local Educational Agencies regarding Special Tests and Provisions - Comparability 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 types of compliance 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, 2015 to June 30, 2017.

***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, 2015 to June 30, 2017.

***Other 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

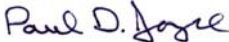
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-002, 2017-003, 2017-004, 2017-005, 2017-006, and 2017-007, that we consider 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

April 26, 2018

#### 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, 2016 and 2017

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	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster	Indiana Department of Education						
School Breakfast Program		10.553	FY 2016, FY 2017	\$ -	193,065	\$ -	177,921
National School Lunch Program		10.555					
National School Lunch Program			FY 2016, FY 2017	-	618,844	-	633,898
National School Lunch Program - Commodities			FY 2016, FY 2017	-	62,451	-	84,959
National School Lunch (And Snack)			FY 2016, FY 2017	-	13,932	-	13,558
Total - National School Lunch Program				-	695,227	-	732,415
Summer Food Service Program for Children		10.559	FY 2016, FY 2017	-	21,564	-	28,285
Total - Child Nutrition Cluster				-	909,856	-	938,621
Child Nutrition Discretionary Grants Limited Availability	Indiana Department of Education	10.579	FY 2017	-	-	-	7,227
Total - Child Nutrition Discretionary Grants Limited Availability				-	-	-	7,227
Total - Department of Agriculture				-	909,856	-	945,848
<u>Department of Education</u>							
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I			FY 14-15	-	135,490	-	-
Title I			FY 15-16	-	-	-	471,285
Title I			FY 16-17	-	-	-	385,761
Total - Title I Grants to Local Educational Agencies				-	135,490	-	857,046
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027	14215-047-PN01	-	188,695	-	-
			14216-045-PN01	-	332,602	-	205,419
			14217-045-PN01	-	-	-	411,510
Total - Special Education_Grants to States				-	521,297	-	616,929
Special Education_Preschool Grants	Indiana Department of Education	84.173	45715-047-PN01	-	4,997	-	-
			45716-045-PN01	-	10,385	-	6,333
			45717-045-PN01	-	-	-	8,854
Total - Special Education_Preschool Grants				-	15,382	-	15,187
Total - Special Education Cluster (IDEA)				-	536,679	-	632,116
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II			FY 15-16	-	-	-	97,480
Title II			FY 16-17	-	-	-	26,729
Total - Supporting Effective Instruction State Grants				-	-	-	124,209
Total - Department of Education				-	672,169	-	1,613,371
Total federal awards expended				\$ -	\$ 1,582,025	\$ -	\$ 2,559,219

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, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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 the Uniform Guidance, 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. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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.

**Note 4. Subsequent Event - Special Education Cooperative**

As of April 2018, the School Corporation approved to withdraw from the Special Education Cooperative effective June 30, 2019.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies Special Education Cluster (IDEA)	Qualified Qualified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

**FINDING 2017-001**

Subject: Financial Transactions  
Audit Finding: Significant Deficiency

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2015-001.

*Condition*

There was a deficiency in the internal control system of the School Corporation related to Financial Transactions. The School Corporation had not designed or implemented proper segregation of duties related to receipts. One employee issued and recorded receipts without evidence of an oversight or approval process to ensure the accuracy and classification of the receipt to the proper fund and account.

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

*Context*

This was a systemic issue throughout the audit period.

*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.

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. . . ."

*Cause*

Management of the School Corporation had not established a proper system of internal control that segregated key functions.

*Effect*

The failure to establish controls could have enabled misstatements or irregularities to remain undetected.

*Recommendation*

We recommended that the School Corporation establish a system of internal controls related to financial transactions.

*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 2017-002**

Subject: School Breakfast Program, National School Lunch Program - Program Income  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016, FY 2017  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Program Income  
Audit Findings: Material Weakness, Modified Opinion

*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 Program Income compliance requirement.

One individual prepared and recorded receipts with no evidence of a review or approval process to ensure that receipts generated from cafeteria sales were properly recorded.

Program income was not properly recorded in accordance with grant requirements. Program income was generated through sales of meals or a la carte to students and adults who were deemed to be paid or reduced price status. The School Corporation included a portion of federal reimbursements in its program income from local sources, which caused its program income to be overstated by \$75,396 and \$27,917 for the 2015-2016 and 2016-2017 fiscal years, respectively.

*Context*

The lack of controls and the noncompliance were systemic issues throughout 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:  
. . .

- (2) Accurate, current, and complete, disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

*Cause*

The School Corporation's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the Program Income compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement 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 compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2017-003**

Subject: Child Nutrition Cluster - Reporting

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 2016, FY 2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

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

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2015-002.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Reporting compliance requirement.

The Food Service Director prepared the School Food Authority (SFA) Verification Collection Report after completing the verification process without a proper system of oversight or review to ensure the accuracy of the report.

The School Corporation did not have controls in place to ensure the accuracy of the Annual Financial Report (AFR). The revenues reported in the AFR for the 2016 fiscal year understated the Federal Reimbursements and overstated the Sales to Children and Other Income totals for a net variance of \$1,710. The 2017 fiscal year AFR overstated the Federal Reimbursements and Other Income by \$176,458.

The expenditures reported in the AFR for the 2016 fiscal year were understated by \$500,365. The expenditures reported in the AFR for the 2017 fiscal year were overstated by \$677,845. The School Corporation failed to report the consolidated expenditure totals for the School Lunch and the Food Service Payroll clearing fund to ensure the proper reporting of the related direct labor costs.

*Context*

The lack of controls and the noncompliance over the AFR were systemic issues throughout 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:  
. . .

- (2) Accurate, current, and complete, disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Reporting compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement 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 management establish controls to ensure compliance and comply with the grant agreement and the Reporting compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2017-004**

Subject: School Breakfast Program and National School Lunch Program - Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP); National School Lunch Program - Special Tests and Provisions - Paid Lunch Equity

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016, FY 2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

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

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior audit finding numbers were 2015-002 and 2015-003.

*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, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

*Cash Management*

The School Corporation established a process to monitor the School Lunch fund monthly cash balances; however, documentation was not retained providing evidence of the review.

*Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)*

There was no documentation that an oversight or review process had been established to ensure the accuracy of the verifications performed.

*Special Tests and Provisions - Paid Lunch Equity*

The Food Service Director completed the paid lunch equity calculation without an oversight or review process to ensure the accuracy of the calculation.

*Context*

The lack of controls was a systemic issue throughout 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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

*Cause*

The School Corporation's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the compliance requirements listed 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 programs.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), 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 2017-005**

Subject: Child Nutrition Cluster - Procurement

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 2016, FY 2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

*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 procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not have internal controls in place to ensure that the purchasing methods used complied with 2 CFR 200.320.

For the 2016-2017 fiscal year, the School Corporation renewed a contract with a third-party purchasing service for food products, materials, and supplies. The Food Service Director indicated a price analysis comparison was performed at the beginning of the year; however, documentation of the analysis was not retained. In addition, the School Board did not approve the contract with the purchasing service.

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

An oversight or approval process had not been established to ensure compliance with the applicable local, state, and federal laws regarding procurement requirements.

The School Corporation did not obtain price or rate quotes for purchases of produce exceeding \$3,500, which fell under the small purchase procedures. The Food Service Director indicated that an assessment and quotes were done at the time of the purchase; however, documentation of the quotes and assessment made was not retained.

*Context*

The lack of controls and the noncompliance were systemic issues throughout 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.318(a) states:

"The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

2 CFR 200.320 states in part:

"The non-Federal Entity must use one of the following methods of procurement.

- (a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

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

- (b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . ."

The School Corporation Bylaws and policies, Policy 6440 - COOPERATIVE PURCHASING states in part: "Cooperative or joint purchases require an agreement approved by the Board and the participating contracting body(ies) which shall specify the categories of equipment and supplies to be purchased; . . ."

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement 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 Procurement and Suspension and Debarment compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2017-006**

Subject: Title I Grants to Local Educational Agencies - Internal Controls

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): FY14-15, FY15-16, FY16-17

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Period of Performance, Reporting, Special Tests  
and Provisions - Schoolwide Programs

Audit Finding: Material Weakness

*Repeat Finding*

This is a partial repeat finding from the immediate prior audit. The prior audit finding numbers were 2015-004 and 2015-005.

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 Period of Performance, Reporting, and Special Tests and Provisions - Schoolwide Programs compliance requirements.

*Period of Performance*

The School Corporation had not established an effective internal control system to ensure that adjustments recorded in the grant funds were within the period of performance during the audit period. A proper system of oversight or review was not documented.

*Reporting*

A proper system of oversight or review was not documented that someone other than the preparer reviewed the Annual Expenditure Report prior to its submission.

*Special Tests and Provisions - Schoolwide Programs*

A proper system of oversight or review was not documented that someone reviewed the School Improvement Plans before submission or that School Corporation officials were involved in preparing the plan.

*Context*

The lack of controls was a systemic issue throughout 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

The School Corporation's management had not developed a system of internal controls to ensure compliance with the grant agreement and the compliance requirements listed above.

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

*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 compliance requirements listed above.

*Views of Responsible Officials*

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

**FINDING 2017-007**

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Comparability  
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): FY14-15, FY15-16, FY16-17  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Comparability  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2015-004.

*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 Special Tests and Provisions - Comparability compliance requirement.

The School Corporation was required to file a Comparability Report every two years with the Indiana Department of Education (IDOE), which documented the full-time equivalent (FTE) of staff to students by school. The information reported by the School Corporation was used by the IDOE to determine if services provided with state and local funds, when taken as a whole, were substantially comparable at each school.

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

An oversight or review process was not established for the Comparability Report prior to submission. Sufficient appropriate audit evidence could not be obtained to verify the accuracy and completeness of the 2015-2016 Comparability Report.

In addition, although the 2017 fiscal year report was not required to be submitted to IDOE, proper supporting documentation was not provided to verify the FTE counts.

*Context*

The lack of controls was a systemic issue throughout the audit period that prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Comparability compliance requirement.

*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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

20 US Code § 6321(c)(3) states:

"Each local educational agency assisted under this part shall—

- (A) develop procedures for compliance with this subsection; and
- (B) maintain records that are updated biennially documenting such agency's compliance with this subsection."

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured that records related to the Special Tests and Provisions - Comparability compliance requirement were maintained and made available for audit.

*Effect*

The failure to retain appropriate documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Comparability compliance requirement.

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish effective controls to ensure supporting documentation related to the Special Tests and Provisions - Comparability compliance requirement is maintained for audit.

*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

Assistant Superintendent, District Discipline Advisor  
Michele Riise

Board of School Trustees  
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Jennifer Dildine, Second Vice President  
Gary J. Sutton, Secretary  
Richard Leber, Assistant Secretary

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **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.

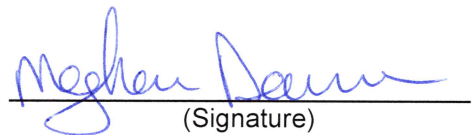
To show oversight in the creation of the Schedule of Expenditures of Federal Awards (SEFA) the Director of Finance and the Treasurer will review and sign off on a summary of the documents used to create the report.

#### 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.

Status of Audit Finding: We have corrected all of the findings except the receipts procedure. We are still in the process of creating an internal control procedure over the receipts process and anticipate this process to be in place by April 30, 2018. We will continue to update any and all internal control procedures as needed.

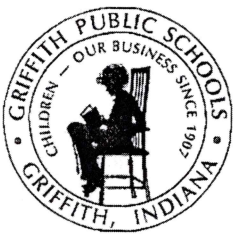
  
(Signature)



(Title)



(Date)



# Griffith Public Schools

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Michele Riise

Board of School Trustees  
Leah Powell-Dumezich, President  
Lisa Megquier, First Vice President  
Jennifer Dildine, Second Vice President  
Gary J. Sutton, Secretary  
Richard Leber, Assistant Secretary

## **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 Special Tests

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.

### Status of Audit Finding:

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

Cash management a new process was set in place but it was not followed through because no supporting documentation was kept. Moving forward we will continue to update any and all internal control procedures as needed and save all supporting documentation for future review.

### Special Tests and Provisions-Verifications, Procurement, and Reporting- Annual Financial Report

An internal control system was being created and evaluated for acceptability. However, supporting documentation was not saved for future review.

### Anticipated Completion Date:

Findings not corrected in Fall 2017 will be completed by May 1, 2018.

  
\_\_\_\_\_  
(Signature)

Food Service Director  
\_\_\_\_\_  
(Title)

4/18/2018  
\_\_\_\_\_  
(Date)

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Jennifer Dildine, Second Vice President  
Gary J. Sutton, Secretary  
Richard Leber, Assistant Secretary

## **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 1<sup>st</sup> 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.

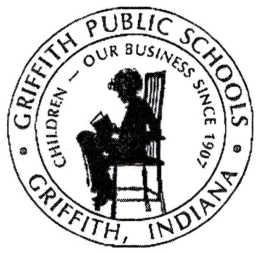
Anticipated Completion Date:  
July 1, 2017

Status of Audit Finding: New processes were in place but more review of documentation is needed. Someone will review data entry of document before submission for board approval.

  
(Signature)

Food Service Director  
(Title)

4/12/2018  
(Date)



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Assistant Superintendent, District Discipline Advisor  
Michele Riise

**Board of School Trustees**  
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Gary J. Sutton, Secretary  
Richard Leber, Assistant Secretary

## **FINDING 2015-004**

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

### Status of Audit Finding:

Griffith Public Schools is currently in the midst of ensuring our internal controls are in place, as of 4/16/2018, and compliant related to the federal compliance requirements. Each of the personnel listed below are aware of his/her responsibilities within the internal processes described below; however, we have not had the opportunity to ensure that these internal controls are sound and ensure compliancy. We will continue to improve our internal control procedures and processes as the need arises.

In regards to Eligibility, the Eligible School Summary has been submitted as documentation. As official verification of student counts and non-public enrollment numbers, the following internal control is in place and will be followed for future submission of the Eligible School Summary:

1. Title 1 Administrator will request official student counts and non-public enrollment numbers from the Director of Technology.
2. Director of Technology will utilize our management system, PowerSchool, to obtain student counts and non-public enrollment numbers.
3. Director of Technology will have each building administrator and secretary review the student count and non-public enrollment data. Building administrator and secretary will sign and date the data sheet to verify accuracy.
4. Director of Technology will provide a copy of the student count and non-public enrollment numbers to the Superintendent, Treasurer, and Title 1 Administrator.
5. Title 1 Administrator will utilize the official student counts and non-public enrollment numbers to complete the Eligible School Summary each year.
6. The Superintendent will verify prior to signing that the information included on the Eligible School Summary is accurate. If not, the Superintendent will return the Eligible School Summary to the Title 1 Administrator for corrections.
7. Title 1 Administrator will submit the Eligible School Summary report.
8. Title 1 Administrator will upload the verification sheets and document, Eligible School Summary, to Yellow Folder, our web-based filing system (paperless file system) for future audits.

In addition, documentation will be provided as the following internal control is utilized for future submissions of the compliance with the Period of Availability requirements, such as the Final Expenditure and Comparability Reports:

1. Title 1 Administrator will complete reports and comply with the Period of Availability requirements.



2. Title 1 Administrator will provide documentation with each report and requirement to be signed by the Superintendent. The documentation and each report and/or requirement will be verified and signed by the Superintendent.
3. Title 1 Administrator will submit the report and/or requirement to Title 1.
4. Title 1 Administrator will upload the documentation along with the report and/or requirement to Yellow Folder, our web-based filing system (paperless file system) for future audits.

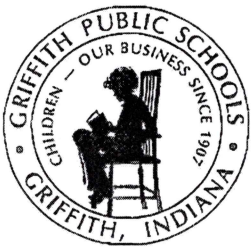
In regards to Highly Qualified Teachers and Paraprofessionals, the following internal control is in place and will be utilized for future submissions for Title 1:

1. Interested candidates will apply and submit requested documentation via Applitrack.
2. Candidates will be screened, interviewed, and hired after reference checks and verification of licensing and/or highly qualified status is achieved.
3. Human Resources will ensure that teacher candidates are licensed for the content/subject matter/grade level of position. Once they are determined to be highly qualified, all collected documentation, such as licenses, resume, and application, within the hiring process will be uploaded to Yellow Folder, our web-based filing system.
4. Human Resources will ensure that all paraprofessionals are not hired until he/she completes the test requirement in order for highly qualified status to be in place. Once the highly qualified status is reached, all collected documentation, such as testing score summary and application, will be uploaded to Yellow Folder, our web-based filing system.
5. Human Resources will document highly qualified status on teacher and paraprofessional within our management system, PowerSchool.
6. Human Resources will share the Highly Qualified list/information with Title 1 Administrator for future reporting.
7. Human Resources will ensure that the Highly Qualified list/information be updated as needed to indicate the current personnel in that school year. This documentation will also be uploaded to Yellow Folder, our web-based filing system for future audits.

Lastly, the Assessment System Security is the responsibility of the Corporation Testing Coordinator for Griffith Public Schools. The following internal control is in place and will be utilized for future state assessments:

1. During each testing cycle and/or administration, Corporation Testing Coordinator will receive information from the state in regards to state assessment, such as testing window, updates to testing security requirements, etc. via various avenues, such as webinars, workshops, Learning Connection, and/or emails.
2. Corporation Testing Coordinator will meet with Building Level Testing Administrators to share the learned information about state assessment. Corporation Testing Coordinator will save all meeting agendas, Testing Security and Integrity Agreements of the Building Level Testing Coordinators and participant sign in/out sheets as documentation. The





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Richard Leber, Assistant Secretary

### **FINDING 2015-005**

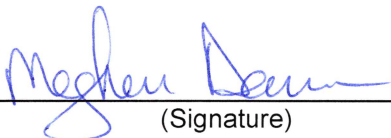
Contact Person Responsible for Corrective Action: Meghan Damron  
Contact Phone Number: 219-924-4250

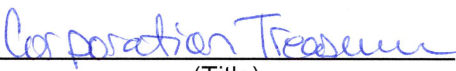
#### Status of Audit Finding:


Griffith Public Schools is currently in the midst of ensuring our internal controls are in place, as of 4/16/2018, and compliant related to the federal compliance requirements. Each of the personnel listed below are aware of his/her responsibilities within the internal processes described below; however, we have not had the opportunity to ensure that these internal controls are sound and ensure compliancy. We will continue to improve our internal control procedures and processes as the need arises.

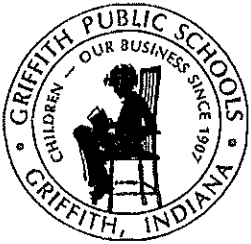
In regards to School-wide Plans, Building Administrators are responsible for the following:

1. Building Administrators will create a stakeholder group to annually review, develop, and create school-wide plans for his/her building.
2. Building Administrators will ensure that the documentation of meeting agendas, participant sign in/out sheets, and final plans are uploaded to Yellow Folder, our web-based filing system. AdvancEd will be the software utilized during this process.
3. Annually, Building Administrator will ensure that the Griffith Public Schools' Board of Trustees publicly approves the school-wide plan.
4. Annually, Building Administrator will ensure that the plan is submitted to the IDOE.
5. Superintendent will verify plan is submitted to the IDOE when he/she signs off on the DOE-Online report.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)



# Griffith Public Schools

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Gary J. Sutton, Secretary  
Richard Leber, Assistant Secretary

## CORRECTIVE ACTION PLAN

### **FINDING 2017-001**

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

Views of Responsible Official: We take exception to the categorization of 2017-001 as a full repeat of Finding 2015-001. It is true that the Corrective Action Plan for Finding 2015-001 is not fully implemented, however, all deficiencies other than the receipting procedure have been completed. When identifying root causes of the deficiencies noted in Finding 2015-001, it was determined that our current financial software made implementation of an effective receipting procedure cumbersome. A decision was made to maintain the status quo until the current financial software could be replaced. Given the 12 months between audits, we have not yet been able to effect that change.

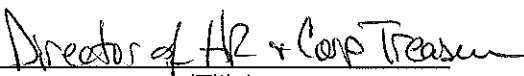
Description of Corrective Action Plan: The administrative personnel in the central office will continue to receipt into our financial system incoming revenues for our district. Starting in April of 2018 once the treasurer or Director of Finance finalizes end of month account reviews, they will then print the official receipts and review those printed receipts by initialing the pages reviewed and signing the last page noting that all receipts were viewed. Following this the treasurer or Director will run a revenue report and update financial cash flow statements as a third review of the receipting process.


Starting in January of 2019 we will convert to a new financial software system that we believe will help in implementing further controls in this process. As we move forward in our conversion process we will review the receipting process and put into place more controls that will be paperless in the system to identify those who approve and reviews the transactions.

Monitoring of Controls: The Director of Finance and Treasurer will review that these steps will take place going forward.

Anticipated Completion Date: The anticipated completion date is April of 2018.

  
(Signature)

  
(Title)

  
(Date)



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Richard Leber, Assistant Secretary

## **FINDING 2017-002**

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

Views of Responsible Official: We agree with the finding. There was some change over in personnel in the Director of Food Service position during this audit period. Some adjustments were made by the new Director of Food Service and District Treasurer to bring the grant procedures into compliance with federal requirements. Going forward reports will be reviewed on a monthly basis to ensure any necessary adjustments will be made in a timely manner.

### Description of Corrective Action Plan:

#### Program Income

More training shall be provided to the employee receipting federal reimbursements and program income from local sources into the district financial management system.

#### Monitoring of Controls

Monthly a copy of the food service receipting log from the financial management system will be ran and reviewed for any inconsistencies for the prior month. The document will be signed and dated after review.

#### Anticipated Completion Date:

The district treasurer and food service director have reviewed the receipting procedures with the employee. As of April 30, 2018 all monthly financial management system reports will be signed.

BR  
(Signature)

Food Service Director  
(Title)

April 26, 2018  
(Date)



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Richard Leber, Assistant Secretary

## **FINDING 2017-003**

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

Views of Responsible Official: We take exception to the categorization of 2017-003 as a full repeat of Finding 2015-002. The Corrective Action Plan for Finding 2015-002 were fully implemented as the food service director's work being audited was no longer working for the district. However, when identifying root causes of the deficiencies noted in Finding 2015-002 there needed to be a separation of duties between creating monthly claim reimbursement reports and submitting them. Those steps were taken but there were no additional edit checks of data entry once the verification collection report was created. The AFR was corrected to the best of my ability. Moving forward digital and hard copies of all edit checks will be retained for future review. We will continue to audit and improve our internal control procedures and processes as weaknesses are identified.

### Description of Corrective Action Plan: Reporting- Verification

Once state mandated reports are completed an edit check of data entry will be performed by someone other than the person creating the report. Once an edit check has been completed the report will be sent to the state designated office.

### Reporting-AFR

Monthly financial management reports will be reviewed to ensure accuracy when receipting transactions. This will ensure the correct revenue and expenditure amounts are reported on the AFR in the correct fund.

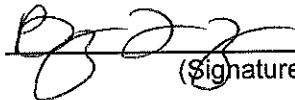
### Monitoring Controls

Edit checks of data entry will be performed by someone other than the person creating the report.

### Anticipated Completion Date:

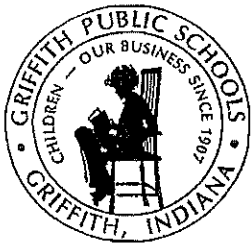
Verification will be adjusted October 2018 when the next report is due.

The monitoring of monthly receipting is currently being done. It will be documented that edit checks have been performed.

  
(Signature)

Food Service Director  
(Title)

April 26, 2018  
(Date)



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Gary J. Sutton, Secretary  
Richard Leber, Assistant Secretary

## **FINDING 2015-004**

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

Views of Responsible Official: We agree with this finding. All updates of changes to meal prices were submitted to the school board for approval. However no edit checks of data entry were performed, submitted or saved by the previous director before board approval. Moving forward digital and hard copies of all edit checks will be retained for future review. We will continue to audit and improve our internal control procedures and processes as weaknesses are identified.

### Description of Corrective Action Plan:

#### Cash Management

Documentation was retained for the review of monthly cash balances however it was not signed indicating that it had been reviewed. Moving forward each month's financial report will be signed and dated indicating review.

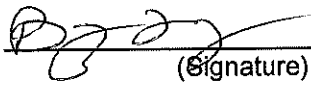
#### Special Tests and Provisions-Eligibility Verifications


Edit checks of data entry will be performed by someone other than the person creating the verification report before submitting to state.


#### Special Tests and Provisions-Paid Lunch Equity

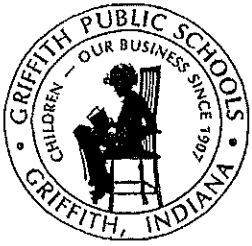
Copies of all documents used to complete the PLE will be submitted with the board approval request for the following year's meal prices. In the board approval request it will indicate that the approval of the request also indicates that they have reviewed all data entry as accurate.

Anticipated Completion Date: We are implementing better internal controls effective immediately with a review of effectiveness to occur as the reports become due to the state.

  
(Signature)

  
(Title)

  
(Date)



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Gary J. Sutton, Secretary  
Richard Leber, Assistant Secretary

**FINDING 2015-005**

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

Views of Responsible Official: We agree with the finding. We will continue to audit and improve our internal control procedures and processes as weaknesses are identified.

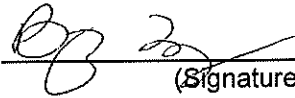
Description of Corrective Action Plan:

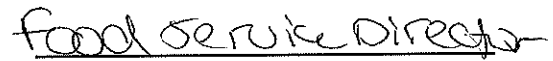
Procurement

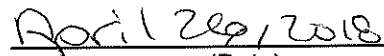
All documentation of price comparisons and quotes will be retained in the food service physical files for the year.

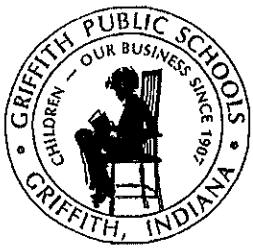
All contract agreements be it new or a renewal/extension will be submitted for board approval.

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

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)



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Richard Leber, Assistant Secretary

## **FINDING 2017-006**

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

Views of Responsible Official: We agree with this finding. As of April of 2018, Griffith Public Schools is in the midst of reviewing and implementing strengthened internal controls that will comply with federal requirements. Each of the personnel listed below are aware of his/her responsibilities within the internal processes described below; however, we have not had the opportunity to ensure that these internal controls are sound and ensure compliance. We will continue to audit and improve our internal control procedures and processes as weaknesses are identified.

Description of Corrective Action Plan:

Period of Performance:

There was some change over in personnel in the Director of Finance position during this audit period. Some adjustments were made by the new Director of Finance and Treasurer to bring the grant procedures into compliance with federal requirements. Going forward will be reviewed on a monthly basis to ensure any necessary adjustments will be made in a timely manner.

Reporting:

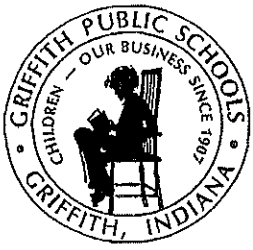
Documentation will be provided as the following internal control is utilized for future submissions of the compliance with the Annual Final Expenditure:

1. The Treasurer or Director of Finance will run final expenditure reports and review with the Title I Director and both parties will sign off on the final report run for submission.
2. Title I Administrator will provide documentation and each report and/or requirement will be verified and signed by the Superintendent.
3. Title I Administrator will submit the report and/or requirement to Title 1.
4. Title I Administrator will upload the documentation along with the report and/or requirement to Yellow Folder, our web-based filing system (paperless file system) for future audits.

Special Tests and Provisions – Schoolwide Programs

In regards to School-wide Plans, Building Administrators are responsible for the following:

1. Building Administrators will create a stakeholder group to annually review, develop, and create school-wide plans for his/her building.
2. Building Administrators will ensure that the documentation of meeting agendas, participant sign in/out sheets, and final plans are uploaded to Yellow Folder, our web-based filing system. AdvancEd will be the software utilized during this process.
3. Annually, Building Administrator will ensure that the Griffith Public Schools' Board of Trustees publicly approves the school-wide plan.
4. Annually, Building Administrator will ensure that the plan is submitted to the IDOE.
5. Superintendent will verify plan is submitted to the IDOE when he/she signs off on the DOE-Online report.



# Griffith Public Schools

Superintendent, District Discipline Advisor  
Michele Rilse

Board of School Trustees  
Leah Powell-Dumezich, President  
Kathy Ruesken, First Vice President  
Jennifer Dildine, Second Vice President  
Gary J. Sutton, Secretary  
Richard Leber, Assistant Secretary

## **FINDING 2017-007**

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Contact Phone Number: 219-924-4250

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Description of Corrective Action Plan:

Special tests and Provisions - Comparability

Documentation will be provided as the following internal control is utilized for future submissions of the compliance with the Comparability Reports:

1. Title 1 Administrator will complete reports and comply with the Comparability requirements.
2. Title 1 Administrator will provide documentation with each report and requirement to be signed by the Superintendent. The documentation and each report and/or requirement will be verified and signed by the Superintendent.
3. Title 1 Administrator will submit the report and/or requirement to Title 1.
4. Title 1 Administrator will upload the documentation along with the report and/or requirement to Yellow Folder, our web-based filing system (paperless file system) for future audits.

Anticipated Completion Date: We are implementing better internal controls effective immediately with a review of effectiveness to occur by September 30, 2018.

Meghan Damron  
(Signature)

Director of HR & Corp. Treasurer  
(Title)

4-26-18  
(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/>.