

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

AUDIT REPORT
OF
SCHOOL CITY OF HOBART
LAKE COUNTY, INDIANA
July 1, 2006 to June 30, 2008



FILED
05/07/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Ted Zembala	07-01-06 to 06-30-09
Superintendent of Schools	John A. Leach, Ph.D. Peggy Buffington, Ph.D.	07-01-06 to 06-30-08 07-01-08 to 06-30-09
President of the School Board	Terry Butler	01-01-06 to 12-31-09



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

TO: THE OFFICIALS OF THE SCHOOL CITY OF HOBART, LAKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School City of Hobart (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated March 24, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

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

U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

STATE BOARD OF ACCOUNTS

March 24, 2009



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

TO: THE OFFICIALS OF THE SCHOOL CITY OF HOBART, LAKE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School City of Hobart (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated March 24, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management in a separate letter dated March 24, 2009.

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

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

STATE BOARD OF ACCOUNTS

March 24, 2009

SCHOOL CITY OF HOBART
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 14,861,550	\$ -	\$ 130,410	\$ (14,731,140)
Support services	10,128,028	753,044	608,160	(8,766,824)
Community services	101,980	-	-	(101,980)
Nonprogrammed charges	1,624,089	-	-	(1,624,089)
Debt service	14,298,035	-	-	(14,298,035)
Total government	<u>\$ 41,013,682</u>	<u>\$ 753,044</u>	<u>\$ 738,570</u>	<u>(39,522,068)</u>
General receipts:				
Property taxes				12,503,268
Other local sources				2,345,026
State aid				15,791,560
Bonds and loans				11,215,344
Grants and contributions not restricted to specific programs				521,914
Sale of property, adjustments, and refunds				1,598
Investment earnings				<u>270,616</u>
Total general receipts				42,649,326
Change in net assets				3,127,258
Net assets - beginning				<u>3,777,423</u>
Net assets - ending				<u>\$ 6,904,681</u>
<u>Assets</u>				
Cash and investments				\$ 5,911,079
Restricted assets:				
Cash and investments				<u>993,602</u>
Total assets				<u>\$ 6,904,681</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 993,602
Unrestricted				<u>5,911,079</u>
Total net assets				<u>\$ 6,904,681</u>

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

SCHOOL CITY OF HOBART
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 14,597,521	\$ -	\$ 234,570	\$ (14,362,951)
Support services	11,994,218	955,107	821,199	(10,217,912)
Community services	119,885	-	-	(119,885)
Nonprogrammed charges	1,681,437	-	-	(1,681,437)
Debt service	13,584,456	-	-	(13,584,456)
Total government	<u>\$ 41,977,517</u>	<u>\$ 955,107</u>	<u>\$ 1,055,769</u>	<u>(39,966,641)</u>
General receipts:				
Property taxes				12,261,249
Other local sources				2,761,600
State aid				15,651,632
Bonds and loans				9,278,429
Grants and contributions not restricted to specific programs				542,122
Sale of property, adjustments, and refunds				58,659
Investment earnings				<u>177,988</u>
Total general receipts				40,731,679
Change in net assets				765,038
Net assets - beginning				<u>6,904,681</u>
Net assets - ending				<u>\$ 7,669,719</u>
<u>Assets</u>				
Cash and investments				\$ 6,484,768
Restricted assets:				
Cash and investments				<u>1,184,951</u>
Total assets				<u>\$ 7,669,719</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,184,951
Unrestricted				<u>6,484,768</u>
Total net assets				<u>\$ 7,669,719</u>

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

SCHOOL CITY OF HOBART
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Textbook Rental	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 5,783,938	\$ 1,138,835	\$ 441,575	\$ 5,296,484	\$ 1,440,212	\$ 260,621	\$ 1,143,983	\$ 15,505,648
Intermediate sources	366,305	-	-	-	-	-	-	366,305
State sources	15,904,994	-	105,313	-	-	-	135,756	16,146,063
Federal sources	-	-	-	-	-	-	905,982	905,982
Bonds and loans	4,980,679	987,093	-	3,341,581	1,139,409	366,868	399,714	11,215,344
Sale of property, adjustments and refunds	1,598	-	-	-	-	-	-	1,598
Total receipts	27,037,514	2,125,928	546,888	8,638,065	2,579,621	627,489	2,585,435	44,140,940
Disbursements:								
Current:								
Instruction	14,477,631	-	-	-	-	-	383,919	14,861,550
Support services	5,304,369	1,111,748	462,689	-	1,729,566	-	1,519,656	10,128,028
Community services	101,226	-	-	-	-	-	754	101,980
Nonprogrammed charges	1,514,344	-	-	-	-	-	109,745	1,624,089
Debt services	3,460,988	725,962	-	8,409,772	940,235	183,434	577,644	14,298,035
Total disbursements	24,858,558	1,837,710	462,689	8,409,772	2,669,801	183,434	2,591,718	41,013,682
Excess (deficiency) of receipts over disbursements	2,178,956	288,218	84,199	228,293	(90,180)	444,055	(6,283)	3,127,258
Other financing sources (uses):								
Transfers in	-	116,475	-	-	-	-	-	116,475
Transfers out	-	-	-	(116,475)	-	-	-	(116,475)
Total other financing sources (uses)	-	116,475	-	(116,475)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,178,956	404,693	84,199	111,818	(90,180)	444,055	(6,283)	3,127,258
Cash and investments - beginning	1,098,698	159,787	526,347	713,712	503,506	(218,062)	993,435	3,777,423
Cash and investments - ending	<u>\$ 3,277,654</u>	<u>\$ 564,480</u>	<u>\$ 610,546</u>	<u>\$ 825,530</u>	<u>\$ 413,326</u>	<u>\$ 225,993</u>	<u>\$ 987,152</u>	<u>\$ 6,904,681</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 3,277,654	\$ 564,480	\$ 610,546	\$ -	\$ 413,326	\$ 225,993	\$ 819,080	\$ 5,911,079
Restricted assets:								
Cash and investments	-	-	-	825,530	-	-	168,072	993,602
Total cash and investment assets - ending	\$ 3,277,654	\$ 564,480	\$ 610,546	\$ 825,530	\$ 413,326	\$ 225,993	\$ 987,152	\$ 6,904,681
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	825,530	\$ -	\$ -	168,072	\$ 993,602
Unrestricted	3,277,654	564,480	610,546	-	413,326	225,993	819,080	5,911,079
Total cash and investment fund balance - ending	\$ 3,277,654	\$ 564,480	\$ 610,546	\$ 825,530	\$ 413,326	\$ 225,993	\$ 987,152	\$ 6,904,681

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

SCHOOL CITY OF HOBART
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Transportation Operating	Textbook Rental	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 5,349,834	\$ 1,122,261	\$ 804,810	\$ 5,679,167	\$ 1,365,437	\$ 241,481	\$ 1,283,749	\$ 15,846,739
Intermediate sources	309,205	-	-	-	-	-	-	309,205
State sources	15,830,433	-	227,162	-	-	-	179,597	16,237,192
Federal sources	5,606	-	-	-	-	-	1,006,725	1,012,331
Bonds and loans	4,565,300	903,818	-	2,395,438	1,028,012	200,538	185,323	9,278,429
Sale of property, adjustments and refunds	58,181	478	-	-	-	-	-	58,659
Total receipts	26,118,559	2,026,557	1,031,972	8,074,605	2,393,449	442,019	2,655,394	42,742,555
Disbursements:								
Current:								
Instruction	14,161,473	-	-	-	-	-	436,048	14,597,521
Support services	6,923,333	1,495,098	495,390	-	1,153,770	277,731	1,648,896	11,994,218
Community services	118,458	-	-	-	-	-	1,427	119,885
Nonprogrammed charges	1,546,492	-	-	-	-	-	134,945	1,681,437
Debt services	3,343,565	779,462	-	7,772,503	1,010,234	183,434	495,258	13,584,456
Total disbursements	26,093,321	2,274,560	495,390	7,772,503	2,164,004	461,165	2,716,574	41,977,517
Excess (deficiency) of receipts over disbursements	25,238	(248,003)	536,582	302,102	229,445	(19,146)	(61,180)	765,038
Other financing sources (uses):								
Transfers in	-	-	110,612	-	-	-	-	110,612
Transfers out	-	-	-	(110,612)	-	-	-	(110,612)
Total other financing sources (uses)	-	-	110,612	(110,612)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	25,238	(248,003)	647,194	191,490	229,445	(19,146)	(61,180)	765,038
Cash and investments - beginning	3,277,654	564,480	610,546	825,530	413,326	225,993	987,152	6,904,681
Cash and investments - ending	<u>\$ 3,302,892</u>	<u>\$ 316,477</u>	<u>\$ 1,257,740</u>	<u>\$ 1,017,020</u>	<u>\$ 642,771</u>	<u>\$ 206,847</u>	<u>\$ 925,972</u>	<u>\$ 7,669,719</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 3,302,892	\$ 316,477	\$ 1,257,740	\$ -	\$ 642,771	\$ 206,847	\$ 758,041	\$ 6,484,768
Restricted assets:								
Cash and investments	-	-	-	1,017,020	-	-	167,931	1,184,951
Total cash and investment assets - ending	<u>\$ 3,302,892</u>	<u>\$ 316,477</u>	<u>\$ 1,257,740</u>	<u>\$ 1,017,020</u>	<u>\$ 642,771</u>	<u>\$ 206,847</u>	<u>\$ 925,972</u>	<u>\$ 7,669,719</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 1,017,020	\$ -	\$ -	\$ 167,931	\$ 1,184,951
Unrestricted	3,302,892	316,477	1,257,740	-	642,771	206,847	758,041	6,484,768
Total cash and investment fund balance - ending	<u>\$ 3,302,892</u>	<u>\$ 316,477</u>	<u>\$ 1,257,740</u>	<u>\$ 1,017,020</u>	<u>\$ 642,771</u>	<u>\$ 206,847</u>	<u>\$ 925,972</u>	<u>\$ 7,669,719</u>

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

SCHOOL CITY OF HOBART
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2007

	Pension Trust Fund	Agency Funds
Additions:		
Investment earnings:		
Interest	\$ 3,580	
Deductions:		
Benefits	115,936	
Excess (deficiency) of total additions over total deductions	(112,356)	
Cash and investment fund balance - beginning	420,935	
Cash and investment fund balance - ending	\$ 308,579	\$ 103,156
Net assets:		
Cash and investments	\$ 308,579	

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

SCHOOL CITY OF HOBART
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	Pension Trust Fund	Agency Funds
Additions:		
Investment earnings:		
Interest	\$ 1,123	
Deductions:		
Benefits	105,931	
Excess (deficiency) of total additions over total deductions	(104,808)	
Cash and investment fund balance - beginning	308,579	
Cash and investment fund balance - ending	\$ 203,771	\$ 110,848
Net assets:		
Cash and investments	\$ 203,771	

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

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statements present the activities of the School Corporation (primary government). There are no significant component units which require inclusion.

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

Joint Venture

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

The School Corporation is a participant with in the Northwest Indiana Public School Study Council (Study Council), a joint school services program established December 10, 1969, for the improvement of education and the study of problems and issues involved in public education. The Study Council is governed by a board composed of a member of each participating school corporation. The School Corporation pays \$1,000 annually to belong to the Study Council. Complete financial statements for the Study Council can be obtained through the Merrillville Community School Corporation, 6701 Delaware Street, Merrillville, IN 46410.

The School Corporation is a participant in the Northwest Indiana Educational Service Center (Service Center), a joint school services program established May 30, 1985, for the participating school corporations to cooperate and share programs such as curriculum development, instructional materials, needs assessments and more. The Service Center operates under the authority of the Northwest Indiana Public School Study Council. The school corporation provides funding based on Average Daily Membership, determined annually. Complete financial statements for the Service Center can be obtained from Service Center's Administrative Office, 2939 41st Street, Highland, IN 46322.

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation is a participant with fifteen other school corporations in Lake County in a joint venture to operate the Lake County Safe Schools Commission (Commission). The Commission was authorized in 1999 by Indiana Code 5-2-10.1 to improve school safety issues. Although the member schools may fund the Commission, the Commission has generated sufficient revenue without member payments. Complete financial statements for the Commission can be obtained through the Lake Station Community School Corporation, 2500 Pike Street, Lake Station, IN 46405.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The textbook rental fund accounts for the receipts and disbursements concerning the rental of and the purchase of, textbooks for school children.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts for the activities of the pension bond, which accumulate resources for pension benefit payments.

Agency funds account for assets held by the School Corporation as an agent for payroll taxes and withholdings, and school lunch fund prepayments.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

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

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

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. See Note IV.C. for more information about property tax rates and levies.

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Capital Assets

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

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund Balances and Activities

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

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Cash and Investment Balance Deficits

At June 30, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007	2008
Gifted and Talented 06-08	\$ 3	\$ -
School Safe Haven 07-08	-	8,077
Indiana Workforce Development	-	4,576
Title I 2007-2008	-	20,216
Title II, Part A 2006-2007	12,588	-

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

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2008, the School Corporation had deposit balances in the amount of \$7,984,337.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	2007	2008
Debt Service	Transportation Operating	\$ 116,475	\$ -
Debt Service	Textbook Rental	-	110,612
Totals		<u>\$ 116,475</u>	<u>\$ 110,612</u>

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

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

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

B. Holding Corporation

The School Corporation has entered into a capital lease with Hobart Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2007 and 2008, totaled \$4,057,662 and \$6,271,900, respectively.

C. Subsequent Events

Reassessment and Property Taxes

In accordance with state statutes, all counties were required to reassess property values prior to billing taxes in 2008. Taxes are normally billed in two installments, the first is due in May, and the second in November. Significant delays in the reassessment trending process have resulted in delays in billing taxes for 2008. Provisional bills for 50% of 2006 pay 2007 taxes were due October 29, 2008. Lake County 2007 pay 2008 tax rates were approved on November 14, 2008. The School Corporation received an advance on their 2008 taxes of \$6,868,778 on November 21, 2008. The County billed the final reconciliation billings for taxes payable in 2008 on January 21, 2009, with a due date of February 6, 2009. A final distribution date for these collections is not known as of the date of this report.

Tax Anticipation Warrants

The School Board passed resolutions authorizing the issuance of tax anticipation warrants, to be repaid by December 31, 2008 or such time as when settlement of taxes is received. Warrants totaling \$6,017,649 and \$3,260,780 were distributed in January and June 2008, respectively. As of December 31, 2008, repayments totaling \$3,700,592 had been made.

Revenue Bonds

On February 26, 2009, the School Board of Trustees passed resolution 2009-4 to issue general obligation bonds in an amount not to exceed \$2,000,000. The bonds are to be repaid in ten years and are for technology upgrades in the schools.

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

School Construction and Renovation

In April 2006, the School Corporation's holding corporation issued \$73,460,000 in bonds for school construction and renovation. On January 5, 2009, the School Corporation began conducting classes in its new High School facility. On September 10, 2008, the School Board of Trustees awarded ten bids totaling \$7,314,317 for the renovation of the old high school as a middle school. The costs of the middle school renovation are included in the holding corporation's debt issue.

D. Pension Plans

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

Public Employees' Retirement Fund

Plan Description

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

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

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 195,652
Interest on net pension obligation	(17,734)
Adjustment to annual required contribution	20,209
Annual pension cost	198,127
Contributions made	155,995
Increase (decrease) in net pension obligation	42,132
Net pension obligation, beginning of year	(244,607)
Net pension obligation, end of year	\$ (202,475)

	PERF
Contribution rates:	
School Corporation	5%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

<u>Actuarial Assumptions</u>	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

SCHOOL CITY OF HOBART
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 121,650	117%	\$ (272,258)
	06-30-06	169,084	84%	(244,607)
	06-30-07	198,127	79%	(202,475)

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

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

Teachers' Retirement Fund
 150 West Market Street
 Indianapolis, IN 46204
 Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

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

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$412,067, \$366,665, and \$309,377, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

SCHOOL CITY OF HOBART
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 3,883,574	\$ 3,871,039	\$ 12,535	100%	\$ 3,127,846	0%
07-01-06	3,808,426	3,830,062	(21,636)	99%	3,043,272	(1%)
07-01-07	4,257,440	4,150,672	106,768	103%	3,219,817	3%

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Education Preschool	School Lunch	Alternative Education Grant	School Safe Haven 07-08	Early Intervention	Gifts - Donation	Wal-mart Award
Receipts:							
Local sources	\$ 10,700	\$ 681,873	\$ -	\$ -	\$ -	\$ 3,850	\$ -
State sources	84,086	17,722	9,507	7,464	-	-	-
Federal sources	-	485,125	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Total receipts	94,786	1,184,720	9,507	7,464	-	3,850	-
Disbursements:							
Current:							
Instruction	-	-	9,507	-	2,000	-	58
Support services	-	1,158,446	-	-	-	3,050	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	109,745	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	109,745	1,158,446	9,507	-	2,000	3,050	58
Excess (deficiency) of receipts over disbursements	(14,959)	26,274	-	7,464	(2,000)	800	(58)
Cash and investments - beginning	65,978	341,490	-	(7,464)	2,000	1,500	58
Cash and investments - ending	<u>\$ 51,019</u>	<u>\$ 367,764</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,300</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 51,019	\$ 367,764	\$ -	\$ -	\$ -	\$ 2,300	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 51,019</u>	<u>\$ 367,764</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,300</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	51,019	367,764	-	-	-	2,300	-
Total cash and investment fund balance - ending	<u>\$ 51,019</u>	<u>\$ 367,764</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,300</u>	<u>\$ -</u>

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Outdoor Lab Grant	Pepsi Agreement Proceeds	Legacy Foundation	Hobart Educational Foundation I	Hobart Educational Foundation II	Gifted and Talented 05-06	Gifted and Talented 06-08
Receipts:							
Local sources	\$ -	\$ 19,592	\$ -	\$ 34,295	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	16,977
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Total receipts	-	19,592	-	34,295	-	-	16,977
Disbursements:							
Current:							
Instruction	-	-	-	-	-	1,488	16,980
Support services	-	14,897	-	33,099	3,052	-	-
Community services	-	-	80	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	14,897	80	33,099	3,052	1,488	16,980
Excess (deficiency) of receipts over disbursements	-	4,695	(80)	1,196	(3,052)	(1,488)	(3)
Cash and investments - beginning	156	12,308	852	14,840	3,572	1,488	-
Cash and investments - ending	<u>\$ 156</u>	<u>\$ 17,003</u>	<u>\$ 772</u>	<u>\$ 16,036</u>	<u>\$ 520</u>	<u>\$ -</u>	<u>\$ (3)</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 156	\$ 17,003	\$ 772	\$ 16,036	\$ 520	\$ -	\$ (3)
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 156</u>	<u>\$ 17,003</u>	<u>\$ 772</u>	<u>\$ 16,036</u>	<u>\$ 520</u>	<u>\$ -</u>	<u>\$ (3)</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	156	17,003	772	16,036	520	-	(3)
Total cash and investment fund balance - ending	<u>\$ 156</u>	<u>\$ 17,003</u>	<u>\$ 772</u>	<u>\$ 16,036</u>	<u>\$ 520</u>	<u>\$ -</u>	<u>\$ (3)</u>

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Technology Fund CISCO	Indiana School Incentive Awards	Indiana Summer Institute Technology	Title I 05-06	Title I 06-07	Title V 04-05	Title V 05-06
Receipts:							
Local sources	\$ 44,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	7,000	216,257	-	11,000
Bonds and loans	-	-	-	-	-	-	-
Total receipts	44,519	-	-	7,000	216,257	-	11,000
Disbursements:							
Current:							
Instruction	-	-	-	35,476	187,738	-	-
Support services	103,681	1,486	19,321	-	8,879	5,491	5,508
Community services	-	-	-	36	638	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	103,681	1,486	19,321	35,512	197,255	5,491	5,508
Excess (deficiency) of receipts over disbursements	(59,162)	(1,486)	(19,321)	(28,512)	19,002	(5,491)	5,492
Cash and investments - beginning	87,284	1,511	24,282	28,512	-	5,491	1,399
Cash and investments - ending	<u>\$ 28,122</u>	<u>\$ 25</u>	<u>\$ 4,961</u>	<u>\$ -</u>	<u>\$ 19,002</u>	<u>\$ -</u>	<u>\$ 6,891</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 28,122	\$ 25	\$ 4,961	\$ -	\$ 19,002	\$ -	\$ 6,891
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 28,122</u>	<u>\$ 25</u>	<u>\$ 4,961</u>	<u>\$ -</u>	<u>\$ 19,002</u>	<u>\$ -</u>	<u>\$ 6,891</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	28,122	25	4,961	-	19,002	-	6,891
Total cash and investment fund balance - ending	<u>\$ 28,122</u>	<u>\$ 25</u>	<u>\$ 4,961</u>	<u>\$ -</u>	<u>\$ 19,002</u>	<u>\$ -</u>	<u>\$ 6,891</u>

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title V 06-07	Safe and Drug-Free 06-07	Safe and Drug-Free 05-06	Title II Part A 04-05	Title II Part A 05-06	Title II Part A 06-07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	6,289	8,826	-	-	98,084	45,170
Bonds and loans	-	-	-	-	-	-
Total receipts	<u>6,289</u>	<u>8,826</u>	<u>-</u>	<u>-</u>	<u>98,084</u>	<u>45,170</u>
Disbursements:						
Current:						
Instruction	-	1,580	950	-	63,957	42,090
Support services	1,172	6,419	-	275	16,167	15,668
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>1,172</u>	<u>7,999</u>	<u>950</u>	<u>275</u>	<u>80,124</u>	<u>57,758</u>
Excess (deficiency) of receipts over disbursements	5,117	827	(950)	(275)	17,960	(12,588)
Cash and investments - beginning	-	-	950	275	(17,960)	-
Cash and investments - ending	<u>\$ 5,117</u>	<u>\$ 827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,588)</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 5,117	\$ 827	\$ -	\$ -	\$ -	\$ (12,588)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 5,117</u>	<u>\$ 827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,588)</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	5,117	827	-	-	-	(12,588)
Total cash and investment fund balance - ending	<u>\$ 5,117</u>	<u>\$ 827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,588)</u>

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title II Part D 04-05	Title III Part A 05-07	Title II Part D 05-07	Retirement Severance Bond Debt Service	Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 346,221	\$ 2,933	\$ 1,143,983
State sources	-	-	-	-	-	135,756
Federal sources	-	28,231	-	-	-	905,982
Bonds and loans	-	-	-	399,714	-	399,714
Total receipts	-	28,231	-	745,935	2,933	2,585,435
Disbursements:						
Current:						
Instruction	-	22,095	-	-	-	383,919
Support services	1,807	-	1,710	-	119,528	1,519,656
Community services	-	-	-	-	-	754
Nonprogrammed charges	-	-	-	-	-	109,745
Debt services	-	-	-	577,644	-	577,644
Total disbursements	1,807	22,095	1,710	577,644	119,528	2,591,718
Excess (deficiency) of receipts over disbursements	(1,807)	6,136	(1,710)	168,291	(116,595)	(6,283)
Cash and investments - beginning	1,807	364	2,796	(219)	420,165	993,435
Cash and investments - ending	<u>\$ -</u>	<u>\$ 6,500</u>	<u>\$ 1,086</u>	<u>\$ 168,072</u>	<u>\$ 303,570</u>	<u>\$ 987,152</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 6,500	\$ 1,086	\$ -	\$ 303,570	\$ 819,080
Restricted assets:						
Cash and investments	-	-	-	168,072	-	168,072
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 6,500</u>	<u>\$ 1,086</u>	<u>\$ 168,072</u>	<u>\$ 303,570</u>	<u>\$ 987,152</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 168,072	\$ -	\$ 168,072
Unrestricted	-	6,500	1,086	-	303,570	819,080
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 6,500</u>	<u>\$ 1,086</u>	<u>\$ 168,072</u>	<u>\$ 303,570</u>	<u>\$ 987,152</u>

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Special Education Preschool	School Lunch	Alternative Education Grant	School Safe Haven 07-08	Gifts - Donation	Outdoor Lab Grant	Pepsi Agreement Proceeds
Receipts:							
Local sources	\$ 9,166	\$ 710,163	\$ -	\$ -	\$ 2,550	\$ -	\$ 20,146
State sources	67,262	18,117	13,450	-	-	-	-
Federal sources	-	570,315	-	-	-	-	-
Bonds and loans	7,658	-	-	-	-	-	-
Total receipts	84,086	1,298,595	13,450	-	2,550	-	20,146
Disbursements:							
Current:							
Instruction	-	-	13,450	-	-	-	2
Support services	160	1,304,141	-	8,077	-	-	10,401
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	134,945	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	135,105	1,304,141	13,450	8,077	-	-	10,403
Excess (deficiency) of receipts over disbursements	(51,019)	(5,546)	-	(8,077)	2,550	-	9,743
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(51,019)	(5,546)	-	(8,077)	2,550	-	9,743
Cash and investments - beginning	51,019	367,764	-	-	2,300	156	17,003
Cash and investments - ending	<u>\$ -</u>	<u>\$ 362,218</u>	<u>\$ -</u>	<u>\$ (8,077)</u>	<u>\$ 4,850</u>	<u>\$ 156</u>	<u>\$ 26,746</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ 362,218	\$ -	\$ (8,077)	\$ 4,850	\$ 156	\$ 26,746
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 362,218</u>	<u>\$ -</u>	<u>\$ (8,077)</u>	<u>\$ 4,850</u>	<u>\$ 156</u>	<u>\$ 26,746</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	362,218	-	(8,077)	4,850	156	26,746
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 362,218</u>	<u>\$ -</u>	<u>\$ (8,077)</u>	<u>\$ 4,850</u>	<u>\$ 156</u>	<u>\$ 26,746</u>

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Legacy Foundation	Hobart Educational Foundation I	Hobart Educational Foundation II	Gifted and Talented 06-08	Non-English Speaking Program	Technology Fund CISCO
Receipts:						
Local sources	\$ -	\$ 38,337	\$ -	\$ 3	\$ -	\$ 123,093
State sources	-	-	-	42,143	13,625	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Total receipts	-	38,337	-	42,146	13,625	123,093
Disbursements:						
Current:						
Instruction	-	-	-	39,354	11,300	-
Support services	-	29,377	208	-	2,325	28,255
Community services	597	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	597	29,377	208	39,354	13,625	28,255
Excess (deficiency) of receipts over disbursements	(597)	8,960	(208)	2,792	-	94,838
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(597)	8,960	(208)	2,792	-	94,838
Cash and investments - beginning	772	16,036	520	(3)	-	28,122
Cash and investments - ending	<u>\$ 175</u>	<u>\$ 24,996</u>	<u>\$ 312</u>	<u>\$ 2,789</u>	<u>\$ -</u>	<u>\$ 122,960</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 176	\$ 24,996	\$ 312	\$ 2,789	\$ -	\$ 122,960
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 176</u>	<u>\$ 24,996</u>	<u>\$ 312</u>	<u>\$ 2,789</u>	<u>\$ -</u>	<u>\$ 122,960</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	176	24,996	312	2,789	-	122,960
Total cash and investment fund balance - ending	<u>\$ 176</u>	<u>\$ 24,996</u>	<u>\$ 312</u>	<u>\$ 2,789</u>	<u>\$ -</u>	<u>\$ 122,960</u>

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Indiana School Incentive Awards	Indiana Workforce Development	Indiana Summer Institute Technology	Title I 06-07	Title I 07-08	Distinguished School Award
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	25,000	-	-	-	-
Federal sources	-	-	-	18,800	272,337	2,000
Bonds and loans	-	-	-	-	-	-
Total receipts	-	25,000	-	18,800	272,337	2,000
Disbursements:						
Current:						
Instruction	-	29,576	-	37,802	253,426	-
Support services	25	-	-	-	38,297	1,744
Community services	-	-	-	-	830	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	25	29,576	-	37,802	292,553	1,744
Excess (deficiency) of receipts over disbursements	(25)	(4,576)	-	(19,002)	(20,216)	256
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(25)	(4,576)	-	(19,002)	(20,216)	256
Cash and investments - beginning	25	-	4,961	19,002	-	-
Cash and investments - ending	\$ -	\$ (4,576)	\$ 4,961	\$ -	\$ (20,216)	\$ 256
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ (4,576)	\$ 4,960	\$ -	\$ (20,216)	\$ 256
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ (4,576)	\$ 4,960	\$ -	\$ (20,216)	\$ 256
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	(4,576)	4,960	-	(20,216)	256
Total cash and investment fund balance - ending	\$ -	\$ (4,576)	\$ 4,960	\$ -	\$ (20,216)	\$ 256

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title V 05-06	Title V 06-07	Safe and Drug-Free 06-07	Safe and Drug-Free 07-08	Carl Perkins Vocational Program	Title II Part A 06-07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	-	8,741	750	54,100
Bonds and loans	-	-	-	-	-	-
Total receipts	-	-	-	8,741	750	54,100
Disbursements:						
Current:						
Instruction	-	-	600	1,557	-	33,611
Support services	6,891	2,579	-	6,369	-	2,750
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	6,891	2,579	600	7,926	-	36,361
Excess (deficiency) of receipts over disbursements	(6,891)	(2,579)	(600)	815	750	17,739
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,891)	(2,579)	(600)	815	750	17,739
Cash and investments - beginning	6,891	5,117	827	-	-	(12,588)
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,538</u>	<u>\$ 227</u>	<u>\$ 815</u>	<u>\$ 750</u>	<u>\$ 5,151</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 2,538	\$ 227	\$ 815	\$ 750	\$ 5,151
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 2,538	\$ 227	\$ 815	\$ 750	\$ 5,151
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	2,538	227	815	750	5,151
Total cash and investment fund balance - ending	\$ -	\$ 2,538	\$ 227	\$ 815	\$ 750	\$ 5,151

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title II Part A 07-08	Title III Part A 05-07	Title II Part D 05-07	Retirement Severance Bond Debt Service	Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 317,452	\$ 62,839	\$ 1,283,749
State sources	-	-	-	-	-	179,597
Federal sources	64,485	15,197	-	-	-	1,006,725
Bonds and loans	-	-	-	177,665	-	185,323
Total receipts	64,485	15,197	-	495,117	62,839	2,655,394
Disbursements:						
Current:						
Instruction	-	15,370	-	-	-	436,048
Support services	1,112	5,990	1,086	-	199,109	1,648,896
Community services	-	-	-	-	-	1,427
Nonprogrammed charges	-	-	-	-	-	134,945
Debt services	-	-	-	495,258	-	495,258
Total disbursements	1,112	21,360	1,086	495,258	199,109	2,716,574
Excess (deficiency) of receipts over disbursements	63,373	(6,163)	(1,086)	(141)	(136,270)	(61,180)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	63,373	(6,163)	(1,086)	(141)	(136,270)	(61,180)
Cash and investments - beginning	-	6,500	1,086	168,072	303,570	987,152
Cash and investments - ending	<u>\$ 63,373</u>	<u>\$ 337</u>	<u>\$ -</u>	<u>\$ 167,931</u>	<u>\$ 167,300</u>	<u>\$ 925,972</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 63,373	\$ 337	\$ -	\$ -	\$ 167,300	\$ 758,041
Restricted assets:						
Cash and investments	-	-	-	167,931	-	167,931
Total cash and investment assets - ending	\$ 63,373	\$ 337	\$ -	\$ 167,931	\$ 167,300	\$ 925,972
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 167,931	\$ -	\$ 167,931
Unrestricted	63,373	337	-	-	167,300	758,041
Total cash and investment fund balance - ending	\$ 63,373	\$ 337	\$ -	\$ 167,931	\$ 167,300	\$ 925,972

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2007

	Clearing	Clearing - Flexible Benefits	Prepaid Food	Clearing - Insurance	Total
Cash and investments fund balance - ending	\$ 64,239	\$ 5,166	\$ 10,440	\$ 23,311	\$ 103,156

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2008

	Clearing	Clearing - Flexible Benefits	Prepaid Food	Clearing - Insurance	Total
Cash and investments fund balance - ending	\$ 81,528	\$ 2,962	\$ 12,678	\$ 13,680	\$ 110,848

SCHOOL CITY OF HOBART
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

June 30, 2008

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 800,000
Buildings	26,664,739
Improvements other than buildings	2,116,753
Machinery and equipment	7,614,208
Construction in progress	<u>59,375,623</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 96,571,323</u>

SCHOOL CITY OF HOBART
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Hobart Building Corporation Series 2006	\$ 73,155,000	\$ 5,357,975
Bonds payable:		
General obligation bonds:		
2004 Pension Bonds	2,030,000	338,236
Total governmental activities debt	\$ 75,185,000	\$ 5,696,211

SCHOOL CITY OF HOBART
AUDIT RESULTS AND COMMENTS

TRANSPORTATION FUND EXPENDITURES

The School Corporation purchased two pickup trucks and snow plows for the trucks in January and February 2008. One truck and plow was paid for from the General Fund, and the other truck and plow was paid for from the Transportation Operating Fund.

A portion of salary and health insurance benefits were paid from the Transportation Fund for Administration Office employees (payroll clerk and deputy treasurer). Additionally, the compensation of the Director of Support Services (who oversees transportation as well as building and grounds), as well as support staff working on duties other than transportation, is paid 100% from the Transportation Fund.

IC 20-40-6-5(a) states: "Subject to this chapter, the fund is the exclusive fund to be used by a school corporation for the payment of costs attributable to transportation."

IC 20-40-6-6(a) states:

"The following costs are payable from the fund:

- (1) The salaries paid to bus drivers, transportation supervisors, mechanics and garage employees, clerks, and other transportation related employees.
- (2) Contracted transportation service.
- (3) Wages of independent contractors.
- (4) Contracts with common carriers.
- (5) Student fares.
- (6) Transportation related insurance.
- (7) Other expenses of operating the school corporation's transportation service, including gasoline, lubricants, tires, repairs, contracted repairs, parts, supplies, equipment, and other related expenses."

IC 20-40-6-6(c) states: "Costs for a calendar year are those costs attributable to transportation for students during the school year ending in the calendar year."

IC 5-11-9-4 requires in part: ". . . records be maintained showing which hours were worked each day by officers and employees . . . employed . . . in more than one (1) position by the same public agency . . ."

Some positions have been formally established by boards of school trustees, through job description, duties assigned, title, salary schedules, etc., as transportation related (for example, Assistant Superintendent-Transportation Director). We will not take audit exception, in these situations (other than positions excluded by statute), to direct transportation related employees having direct transportation

SCHOOL CITY OF HOBART
AUDIT RESULTS AND COMMENTS
(Continued)

related expenses being paid from the transportation fund if a cost allocation system based upon auditable statistics is established tracking costs attributable to the transportation program and therefore payable from the transportation fund. The use of time cards, time logs, or other means of accumulating auditable statistics upon which to base costs would have to be maintained. The time spent on such programs by persons serving in more than one program area must be specific if costs are to be separated. These costs cannot be accurately maintained on a percentage basis and requires the use of one of the methods mentioned above to provide auditable statistics and should cover all program areas in which a person serves or for which the service, materials, supplies, etc., are provided. (The School Administrator and Uniform Compliance Guidelines, Volume 157)

AVERAGE DAILY MEMBERSHIP (ADM) CERTIFICATION

The ADM reports were compiled by the Informational Technology staff. No written certification to document responsibility for the ADM claimed for the audit period was prepared by the appropriate Informational Technology staff member.

Officials should maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (The School Administrator and Uniform Compliance Guidelines, Volume 163, September 2003, and Volume 182, June 2008)

TIMELY DEPOSITS

Receipts for collections that were collected by the School Corporation office were usually deposited once a month and the deposits in the period that we reviewed ranged from \$37,138 to \$85,832.

IC 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

COMPENSATION AND BENEFITS

The 2006-2007 Administrative Regulations for 12 Months Support Staff Pay Rate and Benefits policy allowed accumulation of up to six personal days. The business manager and superintendent were not included in that policy but the payroll secretary applied the same benefit to them.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

SCHOOL CITY OF HOBART
AUDIT RESULTS AND COMMENTS
(Continued)

CREDIT CARD POLICY

The School Corporation uses credit cards to purchase items, however the School Board has not adopted a credit card policy governing their use.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates honors graduation figures on Form 30A, Report of Average Daily Membership (ADM) for State Support were incorrect for the reporting school years ending June 30, 2007 and 2008.

SCHOOL CITY OF HOBART
 AUDIT RESULTS AND COMMENTS
 (Continued)

School Year	Count as Reported on Form 30A	Actual Honors Figures	Difference
2006-2007	70	72	(2)
2007-2008	69	68	1

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

SCHOOL BUS FEE

The School Corporation charges a fee for transportation of students to and from school. The School Corporation receives tax funds for transportation related expenditures. A similar comment appeared in prior reports.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

The State Board of Accounts is of the audit position the following types of fees should not be assessed, collected or receipted by a school or school corporation: Air Conditioning Fees; Parking Fees; Instructional Fees; Bus Rider Fees; Fees for Payroll Positions (Nurses, Principals, Counselors, etc.) (The School Administrator and Uniform Compliance Guidelines, June 2000)

INTERNAL CONTROLS OVER BUS FEE COLLECTIONS

Bus fee collections are handled by multiple people between points of collection through to deposit. A receipt was not issued for bus fee collections and the forms in use to account for bus fee collections were not prenumbered. Therefore, we were unable to verify the accuracy of deposits due to the manner in which collections are handled.

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

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SCHOOL CITY OF HOBART
AUDIT RESULTS AND COMMENTS
(Continued)

TEXTBOOK REIMBURSEMENT CLAIM

Due to lack of documentation, we could not verify the accuracy of the total cost of textbooks submitted to the state for reimbursement on the Textbook Reimbursement claim.

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

IC 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

PRESCRIBED FORMS (Applies to Corporation and all Schools)

The School City of Hobart uses a computerized accounting system. Approval for the use of the computer generated records from this system, which replaces various prescribed forms, could not be verified.

The schools extra-curricular records consist of computerized forms which replace the forms SA-5 (annual report), SA-6 (extra-curricular ledger), and TBR-2 (textbook rental receipts). These forms have not been approved by State Board of Accounts.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN CASH BALANCES

The cash balances of the School Safe Haven 07-08 Fund, Indiana Workforce Development Fund, and Title I 07-08 Fund were overdrawn as of June 30, 2008. The Title II Part A 06-07 Fund had an overdrawn cash balance as of June 30, 2007.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

RECEIPT ISSUANCE (Applies to Hobart Middle and Hobart High Schools)

Receipts are written at the time collections are deposited rather than when received.

Additionally, Textbook Rental Receipts issued at the High School were written at the time of deposit.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SCHOOL CITY OF HOBART
AUDIT RESULTS AND COMMENTS
(Continued)

DEPOSITS (Joan Martin Elementary and Hobart High School)

The duplicate deposit tickets listed a total for the amount of checks deposited instead of each individual check.

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payers. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

TEXTBOOK RENTAL RECEIPTS (Applies to George Earle Elementary, Joan Martin Elementary, Ridge View Elementary, and Hobart Middle School)

Textbook Rental Receipts were deposited up to 24 days after money was received.

IC 20-41-1-9(a) states in part: "The treasurer shall deposit all receipts in one (1) bank account. The receipts shall be deposited without unreasonable delay."

DEPOSIT COMPOSITION (Applies to Joan Martin Elementary, and Hobart High School)

The Treasurer at the High School, does not always designate the composition (cash, check or money order) of the funds received for Textbook Rental.

The Treasurer at Joan Martin Elementary, does not always designate the composition of the funds received on the receipt issued (cash, check or money order).

Therefore, we were unable to determine if deposits were made intact.

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

IC 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

DISBURSEMENT DOCUMENTATION (Hobart Middle and Hobart High Schools)

Forty to forty-five percent of the payments examined did not contain adequate supporting documentation such as receipts, and invoices.

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be verified.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SCHOOL CITY OF HOBART
AUDIT RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROLS OVER TEXTBOOK RENTAL RECEIPTS (Applies to all Schools)

The schools use STI Office software for textbook rental billing and collections. The following deficiencies were noted:

1. The reports attached to the extra-curricular receipt for the total deposit of textbook rental receipts are entitled "Fee Payment Report by Student." These reports detail the collections by student; however, the receipt numbers are not included in the reports. The lack of receipt numbers on the reports made tracing receipts to deposits difficult and weakens controls over collections.
2. The Treasurer has to manually input the receipt number for each textbook rental receipt issued. The software does not prevent the Treasurer from entering the same receipt number twice for two different students.
3. Textbook rental receipts were not always used in numerical order. Several treasurers are working at each school's registration and each is given a range of receipts. A log of receipt forms is not maintained.
4. Some receipts at the High School, were not presented for audit. The system has the ability to post money received to a student's account and not print a receipt nor give the transaction a receipt number.

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

FORMS (Applies to Ridge View Elementary and Hobart Middle School)

The Financial Report (Form SA-5-1), Ticket Sales Report (Form SA-4), and Register of Investments (Form 350) were not provided for the audit for the Hobart Middle School.

The Textbook Rental receipt (School Form TBR-2) at Ridge View Elementary, was not consistently written for all delinquent textbook rental collections in fiscal year 2007-2008.

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

TEXTBOOK RENTAL FUND DISBURSEMENTS (Applies to George Earle, Joan Martin, and Liberty Elementary Schools)

Textbook rental fees, including activity fees, are receipted into the Extra-Curricular (ECA) Textbook Rental Fund. We noted disbursements from the ECA Textbook Rental Fund that were not for textbooks or consumable items on the School Board approved book rental list. A similar comment appeared in the prior report.

SCHOOL CITY OF HOBART
AUDIT RESULTS AND COMMENTS
(Continued)

All educational functions are the specific responsibility of the governing body (board of school trustees, etc.) of the school corporation acting on its behalf (IC 20-26-5-4), including providing the facilities and equipment therefore. All monies received for educational purposes, including those related to educational programs or facilities must be receipted to school corporation funds. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 6)

FEES (Applies to High School)

The High School is collecting fees for parking passes, ID cards, transcripts, and summer school. The total balance of these fees at June 30, 2008, is \$46,387.13. The fees are collected but not remitted to the School Corporation.

The State Board of Accounts is of the audit position the following types of fees should not be assessed, collected or receipted by a school or school corporation: Air Conditioning Fees; Parking Fees; Instructional Fees; Bus Rider Fees; Fees for Payroll Positions (Nurses, Principals, Counselors, etc.) (The School Administrator and Uniform Compliance Guidelines, June 2000)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

TO: THE OFFICIALS OF THE SCHOOL CITY OF HOBART, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the School City of Hobart (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

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

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

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

STATE BOARD OF ACCOUNTS

March 24, 2009

SCHOOL CITY OF HOBART
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 79,712	\$ 104,721
National School Lunch Program	10.555		458,492	505,046
Total for federal grantor agency			538,204	609,767
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I Grants to Local Educational Agencies	84.010			
		05-4730	35,512	-
		06-4730	197,255	37,802
		07-4730	-	292,553
		Distinguished School Award	-	1,744
Total for program			232,767	332,099
Safe and Drug Free Schools and Communities - State Grant	84.186			
		05-211	725	-
		4730-06	7,999	600
		4730-07	-	7,926
Total for program			8,724	8,526
State Grants for Innovative Programs	84.298			
		04-067	5,491	-
		05-110	5,508	6,891
		06-4730	1,172	2,578
Total for program			12,171	9,469
Education Technology State Grants Enhancing Education Through Technology	84.318			
		04-4730	1,807	-
		05-4730	1,710	1,086
Total for program			3,517	1,086
English Language Acquisition Grants Language Instruction for Limited English Proficient and Immigrant Students	84.365			
		06-4730	22,095	6,136
		07-4730	-	15,197
Total for program			22,095	21,333
Improving Teacher Quality State Grants	84.367			
		04-201	275	-
		05-074	80,124	-
		06-4730	57,758	36,362
		07-4730	-	1,112
Total for program			138,157	37,474
Total for federal grantor agency			417,431	409,987
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Indiana Department of Homeland Security Public Assistance Grant	97.036	3274-EM	5,606	-
Total for federal grantor agency			5,606	-
Total federal awards expended			\$ 961,241	\$ 1,019,754

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

SCHOOL CITY OF HOBART
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2006-2007	2007-2008
Child Nutrition Cluster	10.555	\$ 48,910	\$ 41,940

SCHOOL CITY OF HOBART
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SCHOOL CITY OF HOBART
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SCHOOL CITY OF HOBART
EXIT CONFERENCE

The contents of this report were discussed on March 24, 2009, with Peggy Buffington, Ph.D., Superintendent of Schools; Terry Butler, President of the School Board; Ted Zembala, Treasurer; and William Longer, School Board Attorney. The official response has been made a part of this report and may be found on pages 57 and 58.

SCHOOL CITY OF HOBART - "Success For All Students"

Ted J. Zembala, Business Manager/Treasurer
32 East 7th Street
Hobart, IN 46342

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OFFICIAL RESPONSE

For Audit Period July 1 2006 to June 30, 2008
Date of Exit Conference: March 24, 2009

April 8, 2009

State Board of Accounts
302 West Washington Street
4th Floor, Room E418
Indianapolis, IN 46204-2738

TRANSPORTATION FUND EXPENDITURES

RESPONSE:

A study will be conducted to determine the average percent of time individual employees spend on Transportation related work and issues. Salary and benefits will then be appropriately charged to the Transportation Fund based on this percent.

Future vehicle purchases shall only be charged to the Transportation Fund if the vehicle is used exclusively for Transportation related purposes.

AVERAGE DAILY MEMBERSHIP (ADM) CERTIFICATION

RESPONSE:

Our student software system has the ability to import to a central processing location the enrollment data from our elementary and secondary building locations. The enrollment data is compiled, checked, and verified prior to transmit to the Indiana Department of Education. In the future, written certification will be included in the process.

TIMELY DEPOSITS

RESPONSE:

Receipts from State and Federal sources are wired directly into the bank accounts of the school corporation. Receipts from local property tax, excise tax, financial institutions tax, commercial vehicle excise tax, and county supplemental tax received from the Auditor of Lake County Indiana are deposited the same business day the funds are received. Corporation staff responsible for the deposit of miscellaneous revenue and non-revenue receipts will be advised to make deposits within a reasonable amount of time.

COMPENSATION AND BENEFITS

RESPONSE:

Compensation and benefits for the business manager and superintendents are addressed in the Administrative Staff Personal Policies and Regulations. Within this document it states, "Note: Administrators shall not receive less than the same fringe benefits all other certificated staff members receive pursuant to the collective bargaining agreement." Article 18.100 within the collective bargaining agreement between the Board of School Trustees of the School City of Hobart and Hobart Teachers Association states, "Unused personal leave shall accumulate from year to year to a maximum of six."

CREDIT CARD POLICY

RESPONSE:

The school corporation is in the process of creating a credit card policy. Upon completion, this policy will be presented to the board of school trustees to be considered for formal adoption.

HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

RESPONSE:

The school corporation will review the procedure for determining the honors diplomas count and take corrective action.

SCHOOL BUS FEE

RESPONSE:

Both regular and special legal counsel have previously given opinions that the charging of said transportation fees is within the discretion of the Board and consistent with the General School Powers Act, IC 20-5-2-2. In view of the adoption of the Home Rule Act, IC 20-5-1.5 by the Indiana General Assembly during its 1989 Session, the school attorney prepared a resolution for the consideration of the Board of School Trustees of the School City of Hobart at its March 8, 1991 regular meeting adopting the transportation fees in accordance with the newly adopted authority of the School Corporation Home Rule Act. The resolution was adopted on the aforementioned date.

INTERNAL CONTROLS OVER BUS FEE COLLECTIONS

RESPONSE:

The procedure for collecting and recording bus fees will be reviewed. Adjustments and revisions to this procedure will be done to improve internal controls and accountability.

TEXTBOOK RENTAL CLAIM

RESPONSE:

Students that qualify for free and reduced lunch also qualify for free textbooks. The student guardian can apply for free and reduced lunch by filling out School Form No.521 (revised 2008) as prescribed by the Indiana State board of Accounts. The number of qualified applicants at each grade level is transmitted to the Indiana Department of Education. These numbers are then automatically populated at the Indiana Department of Education into the Textbook Rental Claim. Since qualified free and reduced enrollment is based on School form No.521, the count is verifiable and accurate.

The amount of textbook reimbursement is based on the actual count of free and reduced times the cost of textbooks. The cost of textbooks is determined by the school corporation using a spreadsheet program. The cost of textbooks could not be verified for accuracy for the 2007-2008 school year as a result of the file being overwritten when updated to the 2008-2009 school year. Controls and procedures will be reviewed and corrective action will be taken to prevent this from happening in the future.

PRESCRIBED FORMS

RESPONSE:

The school corporation will seek formal approval for use of computer generated records.

OVERDRAWN CASH BALANCES

RESPONSE:

The Indiana Workforce Development Fund is a reimbursable fund. Expenditures must occur prior to requesting reimbursement from this state agency.

School Safe Haven 07-08, Title I 07-08, Title II Part A 06-07: By the end of each fund's grant period, these grants were fully funded and expended to \$0. Future cash requests will be monitored to match spending patterns.

The School Corporation shall review all remaining audit comments, meet with appropriate personnel and take corrective action.


Ted J. Zembala, Business Manager/Treasurer