

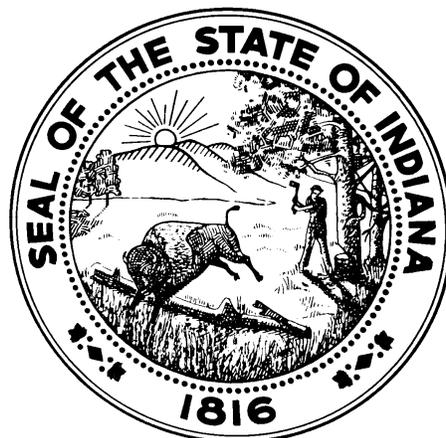
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2008

CITY OF HOBART

LAKE COUNTY, INDIANA



FILED
12/07/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Deborah A. Longer	01-01-08 to 12-31-11
Mayor	Brian K. Snedecor	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Brian K. Snedecor	01-01-08 to 12-31-11
President of the City Council	Brian Rosenbaum Matthew Claussen	01-01-08 to 12-31-08 01-01-09 to 12-31-09
City Judge	William J. Longer	01-01-08 to 12-31-11
Superintendent of Wastewater Utility	John Clemmons	01-01-08 to 12-31-09
Wastewater Utility Manager	Kay Chiabai	01-01-08 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 CITY OF HOBART, LAKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hobart (City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City'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 City 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2008, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated November 9, 2009, on our consideration of the City'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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the 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 Schedules of Funding Progress and Schedules of Contributions From the Employer and Other Contributing Entities, as listed in the Table of Contents, are not required parts of the basic financial statements but are 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 City 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 City'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

November 9, 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 CITY OF HOBART, LAKE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hobart (City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 9, 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 City'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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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.

The City'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 City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, 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

November 9, 2009

CITY OF HOBART
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2008

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 9,498,014	\$ 631,975	\$ 42,427	\$ 12,904	\$ (8,810,708)	\$ -	\$ (8,810,708)
Public safety	7,551,616	196,874	454,701	9,896	(6,890,145)	-	(6,890,145)
Highways and streets	3,777,343	4,141	978,196	355,288	(2,439,718)	-	(2,439,718)
Sanitation	1,441,802	73,684	36,707	-	(1,331,411)	-	(1,331,411)
Health and welfare	71,763	540,867	-	-	469,104	-	469,104
Economic development	444,583	-	-	-	(444,583)	-	(444,583)
Culture and recreation	1,221,901	100,521	242,949	-	(878,431)	-	(878,431)
Urban redevelopment and housing	33,698	-	-	-	(33,698)	-	(33,698)
Principal and interest on indebtedness	11,357,606	-	-	-	(11,357,606)	-	(11,357,606)
Total governmental activities	<u>35,398,326</u>	<u>1,548,062</u>	<u>1,754,980</u>	<u>378,088</u>	<u>(31,717,196)</u>	<u>-</u>	<u>(31,717,196)</u>
Business-type activities:							
Wastewater Utility	5,619,514	5,435,621	-	-	-	(183,893)	(183,893)
Total business-type activities	<u>5,619,514</u>	<u>5,435,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(183,893)</u>	<u>(183,893)</u>
Total primary government	<u>\$ 41,017,840</u>	<u>\$ 6,983,683</u>	<u>\$ 1,754,980</u>	<u>\$ 378,088</u>	<u>(31,717,196)</u>	<u>(183,893)</u>	<u>(31,901,089)</u>
General receipts:							
Property taxes					18,214,553	-	18,214,553
Excise taxes					950,047	-	950,047
Financial Institution taxes					47,019	-	47,019
Gaming receipts					339,337	-	339,337
Intergovernmental					298,137	-	298,137
Other local sources					868,217	4,000	872,217
Net proceeds from borrowings					9,817,670	-	9,817,670
Investment earnings					192,528	108,934	301,462
Transfers - internal activities					(19,286)	19,286	-
Total general receipts and transfers					<u>30,708,222</u>	<u>132,220</u>	<u>30,840,442</u>
Change in net assets					(1,008,974)	(51,673)	(1,060,647)
Net assets - beginning					8,096,259	7,175,631	15,271,890
Prior period adjustment (Note III. C.)					248,575	-	248,575
Restated net assets beginning					<u>8,344,834</u>	<u>7,175,631</u>	<u>15,520,465</u>
Net assets - ending					<u>\$ 7,335,860</u>	<u>\$ 7,123,958</u>	<u>\$ 14,459,818</u>
<u>Assets</u>							
Cash and investments					\$ 908,264	\$ 7,123,958	\$ 8,032,222
Cash with fiscal agent					593	-	593
Restricted assets:							
Cash and investments					6,427,003	-	6,427,003
Total assets					<u>\$ 7,335,860</u>	<u>\$ 7,123,958</u>	<u>\$ 14,459,818</u>
<u>Net Assets</u>							
Restricted for:							
General government					\$ 281,840	\$ -	\$ 281,840
Public safety					257,379	-	257,379
Culture and recreation					47,686	-	47,686
Debt service					501,144	-	501,144
Capital outlay					5,338,954	-	5,338,954
Unrestricted					908,857	7,123,958	8,032,815
Total net assets					<u>\$ 7,335,860</u>	<u>\$ 7,123,958</u>	<u>\$ 14,459,818</u>

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

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 December 31, 2008

	General	Redevelopment	Park Bond Proceeds 6 Projects	2007 61st Ave Bond Proceeds	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 15,139,402	\$ 141,901	\$ -	\$ -	\$ 2,937,927	\$ 18,219,230
Licenses and permits	313,528	-	-	-	-	313,528
Intergovernmental	1,053,014	1,433	215,067	258,671	2,589,436	4,117,621
Charges for services	872,695	-	-	-	192,139	1,064,834
Fines and forfeits	142,087	-	-	-	-	142,087
Interfund loans	532,500	-	-	-	-	532,500
Other	338,523	13,950	21,084	-	304,193	677,750
Total receipts	18,391,749	157,284	236,151	258,671	6,023,695	25,067,550
Disbursements:						
General government	8,773,862	-	-	-	104,580	8,878,442
Public safety	7,074,688	-	-	-	273,117	7,347,805
Highways and streets	350,249	-	-	-	1,221,830	1,572,079
Sanitation	1,418,015	-	-	-	-	1,418,015
Health and welfare	28,323	-	-	-	-	28,323
Economic development	316	-	-	-	12,386	12,702
Culture and recreation	-	-	-	-	537,471	537,471
Urban redevelopment and housing	-	27,221	-	-	-	27,221
Interfund loans	532,500	-	-	-	-	532,500
Debt service:						
Principal	9,817,670	-	-	-	890,000	10,707,670
Interest	222,545	-	-	-	427,391	649,936
Capital outlay:						
General government	3,041	-	-	-	441,057	444,098
Public safety	6,071	-	-	-	197,740	203,811
Highways and streets	-	-	-	425,480	1,779,784	2,205,264
Sanitation	23,787	-	-	-	-	23,787
Health and welfare	43,440	-	-	-	-	43,440
Economic development	-	-	-	-	431,881	431,881
Culture and recreation	-	-	638,518	-	45,912	684,430
Urban redevelopment and housing	-	6,477	-	-	-	6,477
Total disbursements	28,294,507	33,698	638,518	425,480	6,363,149	35,755,352
Excess (deficiency) of receipts over disbursements	(9,902,758)	123,586	(402,367)	(166,809)	(339,454)	(10,687,802)
Other financing sources (uses):						
Net proceeds from borrowings	9,817,670	-	-	-	-	9,817,670
Transfers in	64,652	-	166,667	-	4,113,812	4,345,131
Transfers out	(23,850)	-	(962,926)	(340,000)	(3,037,641)	(4,364,417)
Total other financing sources (uses)	9,858,472	-	(796,259)	(340,000)	1,076,171	9,798,384
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(44,286)	123,586	(1,198,626)	(506,809)	736,717	(889,418)
Cash and investment fund balance - beginning	2,017,752	1,240,616	3,677,828	1,978,070	(1,135,336)	7,778,930
Prior period adjustment (see Note III. C.)	-	-	248,575	-	-	248,575
Restated cash and investment fund balance - beginning	2,017,752	1,240,616	3,926,403	1,978,070	(1,135,336)	8,027,505
Cash and investment fund balance - ending	\$ 1,973,466	\$ 1,364,202	\$ 2,727,777	\$ 1,471,261	\$ (398,619)	7,138,087
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:						
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.						
						197,773
Net assets of governmental activities						\$ 7,335,860
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,973,466	\$ 1,364,202	\$ -	\$ -	\$ (2,626,584)	\$ 711,084
Restricted assets:						
Cash and investments	-	-	2,727,777	1,471,261	2,227,965	6,427,003
Total cash and investment assets - ending	\$ 1,973,466	\$ 1,364,202	\$ 2,727,777	\$ 1,471,261	\$ (398,619)	\$ 7,138,087
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ 281,840	\$ 281,840
Public safety	-	-	-	-	257,379	257,379
Culture and recreation	-	-	-	-	47,686	47,686
Debt service	-	-	-	-	501,144	501,144
Capital outlay	-	-	2,727,777	1,471,261	1,139,916	5,338,954
Unrestricted	1,973,466	1,364,202	-	-	(2,626,584)	711,084
Total cash and investment fund balance - ending	\$ 1,973,466	\$ 1,364,202	\$ 2,727,777	\$ 1,471,261	\$ (398,619)	\$ 7,138,087

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

CITY OF HOBART
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As Of And For The Year Ended December 31, 2008

	Wastewater Utility	Internal Service Funds
Operating receipts:		
Unmetered/flat rate	\$ 40,835	\$ -
Metered/measured	5,152,487	-
Sewer lien collections	179,520	-
Tap on fees	26,718	-
Charges for services - employee	-	55,853
Charges for services - employer	-	449,143
Interfund loan proceeds	532,500	-
Miscellaneous	36,061	-
	<u>5,968,121</u>	<u>504,996</u>
Total operating receipts		
	5,968,121	504,996
Operating disbursements:		
Salaries and wages	684,868	-
Employee pensions and benefits	298,248	-
Sludge removal	1,213,590	-
Purchased power	267,409	-
Repairs and maintenance	126,087	-
Material and supplies	42,386	-
Contractual services	1,152,848	-
Transportation	10,904	-
Insurance claims and expense	249,595	624,617
Environmental and testing	58,462	-
Administration and general	97,972	-
Refunds	9,667	-
Equipment and capital improvements	1,285,097	-
Interfund loans made/repaid	532,500	-
Miscellaneous	122,381	-
	<u>6,152,014</u>	<u>624,617</u>
Total operating disbursements		
	6,152,014	624,617
Excess (deficiency) of operating receipts over operating disbursements	<u>(183,893)</u>	<u>(119,621)</u>
Nonoperating receipts (disbursements):		
Rent	4,000	-
Investment income	108,934	65
	<u>112,934</u>	<u>65</u>
Total nonoperating receipts (disbursements)		
	112,934	65
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(70,959)	(119,556)
Transfers in	71,594	-
Transfers out	(52,308)	-
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	(51,673)	(119,556)
Cash and investment fund balance - beginning	<u>7,175,631</u>	<u>317,329</u>
Cash and investment fund balance - ending	<u>\$ 7,123,958</u>	<u>\$ 197,773</u>
<u>Cash and Investment Assets - December 31</u>		
Cash and investments	\$ 7,123,958	\$ 197,180
Cash with fiscal agent	-	593
Total cash and investment assets - December 31	<u>\$ 7,123,958</u>	<u>\$ 197,773</u>
<u>Cash and Investment Fund Balance - December 31</u>		
Unrestricted	<u>\$ 7,123,958</u>	<u>\$ 197,773</u>
Total cash and investment fund balance - December 31	<u>\$ 7,123,958</u>	<u>\$ 197,773</u>

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

CITY OF HOBART
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2008

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Employer	\$ 286,937	
State	<u>1,063,624</u>	
Total additions	<u>1,350,561</u>	
Deductions:		
Benefits	1,124,044	
Administrative and general	<u>2,714</u>	
Total deductions	<u>1,126,758</u>	
Excess of total additions over total deductions	223,803	
Cash and investment fund balance - beginning	<u>185,269</u>	
Cash and investment fund balance - ending	<u>\$ 409,072</u>	<u>\$ 960,497</u>

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

CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

The City's financial reporting entity is composed of the following:

Primary Government: City of Hobart
Wastewater Utility

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

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. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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, proprietary 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.

The City 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 redevelopment fund accounts for the operation and activity of the redevelopment department. Resources are derived from a specific property tax levy and miscellaneous revenue.

The park bond proceeds 6 projects fund accounts for the general obligation bond proceeds that are being used for six park projects. The projects will improve the Lake George shoreline and provide other park renovations, playgrounds, and parking lots.

CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

The 2007 61st Ave bond proceeds fund, accounts for general obligation bond proceeds used in the reconstruction and improvement of 61st Avenue.

The City reports the following major proprietary fund:

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

Additionally, the City reports the following fund types:

The internal service fund accounts for health insurance benefits provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the police and firefighter's pensions, which accumulate resources for pension benefit payments.

Agency funds account for assets held by the City as an agent for other governmental entities (federal, state and county) and for the accumulation of payroll withholdings prior to disbursement to the appropriate entity.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary 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 City 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services.

CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

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 City 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).

However, property tax rates and levies for 2006 taxes payable 2007 were not established by February 15, 2006, as required by statute, due to the delay in the completion of reassessment of Lake County. The tax bills were mailed to Lake County residents on December 26, 2007. They were due on January 31, 2008. The final settlement of the 2006 taxes payable in 2007 was distributed to the various governmental entities on March 20, 2008.

Property tax rates and levies for 2007 taxes payable 2008 were not established by February 15, 2007, as required by statute, due to the delay in reassessment of Lake County. The final settlement of 2007 taxes payable 2008 was distributed on March 27, 2009.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary 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 and proprietary 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:

CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

- 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 City'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. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

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.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 City submits to the governing board a proposed operating budget for the year commencing the following January 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 City receives approval of the Indiana Department of Local Government Finance.

The City'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.

B. Disbursements in Excess of Appropriations

For the year ended December 31, 2008, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2008
General Fund	\$ 3,612,096
Park Bond Proceeds 6 Projects	32,518
Motor Vehicle Highway	28,120
Local Road and Street	1,049,595
Law Enforcement Continuing Education	166
Cumulative Capital Improvement	94,267
Major Moves Construction	155,116
Total	\$ 4,971,878

CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City did not receive an approved reduced budget from the Indiana Department of Local Government Finance until December 3, 2008. These disbursements were funded by cash balances in other funds.

C. Cash and Investment Balance Deficits

At December 31, 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2008
Motor Vehicle Highway	\$ 316,273
Local Road and Street	1,762,269
Cops to School	103,230
Desert Snow Grant	3,646
2007 61st Ave Debt Service	121,120
Cumulative Capital Improvement	535,663
50/50 Sidewalk Program	97,244
Fire Pension 1977	227,151
Police Pension 1977	254,287
Payroll Withholding	316,027
Civilian PERF	200,259

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements and reimbursements of grant expenditures to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. 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. At December 31, 2008, the City did not have any deposit balances exposed to custodial credit risk. All depository and investment balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Investments

As of December 31, 2008, the City had the following investments:

Investment Type	Primary Government Market Value
U.S. agencies	\$ 117,583
Commercial paper	44,064
Total	\$ 161,647

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the City to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the City's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years. The City does not have a formal investment policy for interest rate risk for investments.

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. agencies	\$ 117,583	\$ -	\$ -
Commercial paper	44,064	-	-
Totals	\$ 161,647	\$ -	\$ -

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The City does not have a formal investment policy for credit risk for investments.

Standard and Poor's Rating	City Investments Investment Pools
AAA	\$ 22,032
AA	22,032
Total	\$ 44,064

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have a policy in regards to concentration of credit risk. United States of America government, United States of America governmental agency, and external investment pool securities are exempt from this policy requirement.

The City did not hold any investments that were exposed to concentration of credit risk.

CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2008, were as follows:

Transfer To	Transfer From	2008
General Fund	Other governmental funds	\$ 12,344
	Enterprise Fund	52,308
Park Bond Proceeds 6 Projects	Other governmental funds	166,667
Other governmental funds	General Fund	23,850
	2007 61st Ave Bond Proceeds	340,000
	Park Bond Proceeds 6 Projects	962,926
	Other governmental funds	2,787,036
Enterprise Fund	Other governmental funds	<u>71,594</u>
Total		<u>\$ 4,416,725</u>

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

C. Restatements

For the year ended December 31, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balances by opinion unit. Prior period adjustments represent interest on investments corrections to ending cash balances previously reported.

Opinion Unit	Balance as Reported December 31, 2007	Prior Period Adjustments	Balance as Restated January 1, 2008
Statement of Activities and Net Assets -			
Cash and Investment Basis:			
Governmental activities:			
Net assets	\$ 8,096,259	\$ 248,575	\$ 8,344,834
Statement of Assets and Fund Balances and			
Receipts, Disbursements, and Changes in			
Fund balances - Cash and Investment Basis			
Governmental Funds:			
Cash and investment fund balance	7,778,930	248,575	8,027,505

CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

The City 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; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); 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.

Health Insurance

The City has chosen to establish a risk financing fund for risks associated with health insurance and benefits for employees, retirees, and dependents. The risk financing fund is accounted for in the Health Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$1,000,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Subsequent Events

State Pension Relief

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund and the 1937 Firefighters' Fund. For property taxes due and payable after December 31, 2008, the Indiana Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

Property Taxes

Due to delays caused by trending of assessments, the assessed valuations of Lake County were not finalized by February 15, 2009, as required. Therefore, the 2008 pay 2009 property tax rates and levies, as well as related budget orders for 2009, were not established until July 31, 2009. Currently, the County has billed the 2008 pay 2009 taxes in two installments with due dates of October 29 and November 30, 2009.

Tax Anticipation Warrants

At December 31, 2008, tax anticipation warrants (loans) outstanding were \$5,323,261. These were repaid on March 30, 2009, at 3.25%.

CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

Bond Issuance

On November 18, 2009, the City issued \$1,100,000, Special Taxing District Bonds of 2009, Series B for the cost of redevelopment and economic development in or serving the 61st Avenue and State Road 51 Economic Development area. This is phase two of the project that was financed in 2007 with \$3,400,000 Special Taxing District Bonds of 2007.

On 4, 2009, the Common Council approved Ordinance 2009-37 for the authorization to issue \$7,500,000 General Obligation bonds for the renovation, construction and equipping of the former Hobart Middle School to be used as a police, court and community center complex.

C. Other Postemployment Benefits

The City provides post employment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees that retire from the City on or after attaining age plus years of service equal to eighty years. Currently, 9 retirees meet these eligibility requirements. The City provides 100% of these post employment benefits. Premium disbursements for those benefits are recognized on a pay-as-you-go basis and disbursements for 2008 were \$9,948. The actual cost to the City for medical claims for those retirees was not available.

D. Rate Structure – Enterprise Funds

Wastewater Utility

The current rate structure was approved by the City Council on August 7, 2002.

E. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

The City 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 City 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:

CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Annual required contribution	\$ 232,194	\$ 608,800	\$ 416,600
Interest on net pension obligation	(5,732)	66,300	51,100
Adjustment to annual required contribution	<u>6,532</u>	<u>(83,600)</u>	<u>(64,400)</u>
Annual pension cost	232,994	591,500	403,300
Contributions made	<u>243,893</u>	<u>767,662</u>	<u>295,962</u>
Increase (decrease) in net pension obligation	(10,899)	(176,162)	107,338
Net pension obligation, beginning of year	<u>(79,060)</u>	<u>1,104,511</u>	<u>850,926</u>
Net pension obligation, end of year	<u>\$ (89,959)</u>	<u>\$ 928,349</u>	<u>\$ 958,264</u>

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Contribution rates:			
City	6.5%	0%	0%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-08	01-01-08	01-01-08
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed 30 years	Level percentage of projected payroll, closed 30 years	Level percentage of projected payroll, closed 30 years
Amortization period			
Amortization period (from date)	07-01-97	01-01-05	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Actuarial Assumptions</u>	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Investment rate of return	7.25%	6%	6%
Projected future salary increases:			
Total	5%	4%	4%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	0%	0%
Cost-of-living adjustments	2%	2.75/4%*	2.75/4%*

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 215,472	90%	\$ (83,412)
	06-30-07	215,209	98%	(79,060)
	06-30-08	232,994	105%	(89,959)
1925 Police Officers' Pension Plan	12-31-06	572,300	94%	812,722
	12-31-07	598,100	51%	1,104,511
	12-31-08	591,500	130%	928,349
1937 Firefighters' Pension Plan	12-31-06	381,600	117%	714,055
	12-31-07	398,300	66%	850,926
	12-31-08	403,300	73%	958,264

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2008, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	23	16
Current active employees	-	1

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

CITY OF HOBART
NOTES TO FINANCIAL STATEMENTS
(Continued)

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF 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:

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2008, 2007, and 2006, were \$1,019,939, \$995,557, and \$931,132, respectively, equal to the required contributions for each year.

CITY OF HOBART
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 3,261,154	\$ 3,550,715	\$ (289,561)	92%	\$ 3,365,799	(9%)
07-01-07	3,511,061	3,815,994	(304,933)	92%	3,594,006	(8%)
07-01-08	3,717,226	4,592,745	(875,519)	81%	3,757,456	(23%)

1925 Police Officer's Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-03	\$ 214,268	\$ 8,203,900	\$ (7,989,632)	3%	\$ 156,600	(5,102%)
01-01-04	89,714	7,799,200	(7,709,486)	1%	40,300	(19,130%)
01-01-05	334,259	7,162,200	(6,827,941)	5%	-	No Covered Payroll
01-01-06	376,445	8,154,300	(7,777,855)	5%	-	No Covered Payroll
01-01-07	318,791	8,416,500	(8,097,709)	4%	-	No Covered Payroll
01-01-08	198,830	8,276,600	(8,077,770)	2%	-	No Covered Payroll

1937 Firefighter's Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-03	\$ 113,891	\$ 5,504,500	\$ (5,390,609)	2%	\$ 76,600	(7,037%)
01-01-04	7,608	5,855,000	(5,847,392)	0%	78,800	(7,421%)
01-01-05	200,726	5,778,500	(5,577,774)	3%	81,000	(6,886%)
01-01-06	417,900	5,339,000	(4,921,100)	8%	41,700	(11,801%)
01-01-07	541,395	5,485,400	(4,944,005)	10%	44,700	(11,060%)
01-01-08	466,614	5,497,100	(5,030,486)	8%	45,900	(10,960%)

CITY OF HOBART
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
			City	State
1925 Police Officers' Pension Plan	12-31-03	\$ 863,800	*	38%
	12-31-04	901,300	*	62%
	12-31-05	505,600	*	210%
	12-31-06	582,900	53%	51%
	12-31-07	609,900	14%	47%
	12-31-08	608,800	74%	52%
1937 Firefighters' Pension Plan	12-31-03	654,700	*	51%
	12-31-04	688,200	*	64%
	12-31-05	427,000	*	126%
	12-31-06	392,100	31%	68%
	12-31-07	408,700	27%	46%
	12-31-08	416,600	20%	51%

*This information is not available.

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 December 31, 2008

	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Riverboat	Parks And Recreation	Fire Donation
Receipts:						
Taxes	\$ 64,834	\$ -	\$ -	\$ -	\$ 478,982	\$ -
Intergovernmental	729,194	355,288	-	339,337	35,242	-
Charges for services	1,756	-	38,839	-	33,382	-
Other	-	117,773	4,310	-	21,067	4,958
Total receipts	795,784	473,061	43,149	339,337	568,673	4,958
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	42,366	-	-	2,446
Highways and streets	1,213,830	8,000	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	468,558	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	58,814	-	-
Public safety	-	-	-	-	-	-
Highways and streets	16,073	1,558,595	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	6,037	-
Total disbursements	1,229,903	1,566,595	42,366	58,814	474,595	2,446
Excess (deficiency) of receipts over disbursements	(434,119)	(1,093,534)	783	280,523	94,078	2,512
Other financing sources (uses):						
Transfers in	904	-	-	-	20,650	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	904	-	-	-	20,650	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(433,215)	(1,093,534)	783	280,523	114,728	2,512
Cash and investment fund balance - beginning	116,942	(668,735)	41,681	(264,393)	(103,942)	5,230
Prior period adjustment (see Note III. C.)	-	-	-	-	-	-
Restated cash and investment fund balance - beginning	116,942	(668,735)	41,681	(264,393)	(103,942)	5,230
Cash and investment fund balance - ending	<u>\$ (316,273)</u>	<u>\$ (1,762,269)</u>	<u>\$ 42,464</u>	<u>\$ 16,130</u>	<u>\$ 10,786</u>	<u>\$ 7,742</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ (316,273)	\$ (1,762,269)	\$ -	\$ 16,130	\$ 10,786	\$ 7,742
Restricted assets:						
Cash and investments	-	-	42,464	-	-	-
Total cash and investment assets - ending	<u>\$ (316,273)</u>	<u>\$ (1,762,269)</u>	<u>\$ 42,464</u>	<u>\$ 16,130</u>	<u>\$ 10,786</u>	<u>\$ 7,742</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	42,464	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	(316,273)	(1,762,269)	-	16,130	10,786	7,742
Total cash and investment fund balance - ending	<u>\$ (316,273)</u>	<u>\$ (1,762,269)</u>	<u>\$ 42,464</u>	<u>\$ 16,130</u>	<u>\$ 10,786</u>	<u>\$ 7,742</u>

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 December 31, 2008
 (Continued)

	Park Donation	Cemetery Trust	Dare	Police Donation	Court Records Perpetuation	Innkeeper's Tax
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,677
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	11,730	-
Other	5,913	-	3,245	6,651	-	-
Total receipts	5,913	-	3,245	6,651	11,730	4,677
Disbursements:						
General government	-	-	-	-	35,672	3,997
Public safety	-	-	7,404	5,744	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	330	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	6,071	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	4,526	-	-	-	-	-
Total disbursements	4,856	-	7,404	5,744	41,743	3,997
Excess (deficiency) of receipts over disbursements	1,057	-	(4,159)	907	(30,013)	680
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,057	-	(4,159)	907	(30,013)	680
Cash and investment fund balance - beginning	10,763	75,770	8,139	7,702	49,784	51,530
Prior period adjustment (see Note III. C.)	-	-	-	-	-	-
Restated cash and investment fund balance - beginning	10,763	75,770	8,139	7,702	49,784	51,530
Cash and investment fund balance - ending	\$ 11,820	\$ 75,770	\$ 3,980	\$ 8,609	\$ 19,771	\$ 52,210
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 11,820	\$ -	\$ -	\$ 8,609	\$ -	\$ -
Restricted assets:						
Cash and investments	-	75,770	3,980	-	19,771	52,210
Total cash and investment assets - ending	\$ 11,820	\$ 75,770	\$ 3,980	\$ 8,609	\$ 19,771	\$ 52,210
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ 75,770	\$ -	\$ -	\$ 19,771	\$ 52,210
Public safety	-	-	3,980	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	11,820	-	-	8,609	-	-
Total cash and investment fund balance - ending	\$ 11,820	\$ 75,770	\$ 3,980	\$ 8,609	\$ 19,771	\$ 52,210

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 December 31, 2008
 (Continued)

	Police Seizure	Drug Task Force (Hidta)	911 Dispatch Center	County Juvenile Night Light	Park & Rec Non-Reverting
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	71,597	30,000	290	-
Charges for services	-	-	-	-	-
Other	43,635	-	-	-	-
Total receipts	43,635	71,597	30,000	290	-
Disbursements:					
General government	-	-	-	-	-
Public safety	90	33,122	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	40,045	-	29,695	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total disbursements	40,135	33,122	29,695	-	-
Excess (deficiency) of receipts over disbursements	3,500	38,475	305	290	-
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,500	38,475	305	290	-
Cash and investment fund balance - beginning	18,981	120,973	485	996	12,609
Prior period adjustment (see Note III. C.)	-	-	-	-	-
Restated cash and investment fund balance - beginning	18,981	120,973	485	996	12,609
Cash and investment fund balance - ending	\$ 22,481	\$ 159,448	\$ 790	\$ 1,286	\$ 12,609
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:					
Cash and investments	22,481	159,448	790	1,286	12,609
Total cash and investment assets - ending	\$ 22,481	\$ 159,448	\$ 790	\$ 1,286	\$ 12,609
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	22,481	159,448	790	1,286	-
Culture and recreation	-	-	-	-	12,609
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 22,481	\$ 159,448	\$ 790	\$ 1,286	\$ 12,609

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 December 31, 2008
 (Continued)

	Arbor Lane Park Donation	Pennsy Depot Donation	Lakefront Festival	Barrington Ridge Park Donation	Pleak Gift Fund
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	-	-	11,384	-	-
Other	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>11,384</u>	<u>-</u>	<u>-</u>
Disbursements:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	9,170	8,054	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>9,170</u>	<u>8,054</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>2,214</u>	<u>(8,054)</u>	<u>-</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>2,214</u>	<u>(8,054)</u>	<u>-</u>
Cash and investment fund balance - beginning	2,150	18,484	9,381	114,721	35,077
Prior period adjustment (see Note III. C.)	-	-	-	-	-
Restated cash and investment fund balance - beginning	<u>2,150</u>	<u>18,484</u>	<u>9,381</u>	<u>114,721</u>	<u>35,077</u>
Cash and investment fund balance - ending	<u>\$ 2,150</u>	<u>\$ 18,484</u>	<u>\$ 11,595</u>	<u>\$ 106,667</u>	<u>\$ 35,077</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 2,150	\$ 18,484	\$ 11,595	\$ 106,667	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	35,077
Total cash and investment assets - ending	<u>\$ 2,150</u>	<u>\$ 18,484</u>	<u>\$ 11,595</u>	<u>\$ 106,667</u>	<u>\$ 35,077</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	35,077
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Unrestricted	<u>2,150</u>	<u>18,484</u>	<u>11,595</u>	<u>106,667</u>	<u>-</u>
Total cash and investment fund balance - ending	<u>\$ 2,150</u>	<u>\$ 18,484</u>	<u>\$ 11,595</u>	<u>\$ 106,667</u>	<u>\$ 35,077</u>

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 December 31, 2008
 (Continued)

	Fred Rose Shoreline Grant	Dui Overtime Grant	Court Public Defender	Adult Probation	Park District Program
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	15,000	48,671	-	-	-
Charges for services	-	-	-	59,033	35,105
Other	15,000	-	4,328	-	-
Total receipts	30,000	48,671	4,328	59,033	35,105
Disbursements:					
General government	-	-	5,000	23,866	-
Public safety	-	54,558	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	15,000	-	-	-	36,359
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total disbursements	15,000	54,558	5,000	23,866	36,359
Excess (deficiency) of receipts over disbursements	15,000	(5,887)	(672)	35,167	(1,254)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(166,667)	-	-	-	-
Total other financing sources (uses)	(166,667)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(151,667)	(5,887)	(672)	35,167	(1,254)
Cash and investment fund balance - beginning	151,667	9,823	5,620	57,267	25,132
Prior period adjustment (see Note III. C.)	-	-	-	-	-
Restated cash and investment fund balance - beginning	151,667	9,823	5,620	57,267	25,132
Cash and investment fund balance - ending	\$ -	\$ 3,936	\$ 4,948	\$ 92,434	\$ 23,878
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 23,878
Restricted assets:					
Cash and investments	-	3,936	4,948	92,434	-
Total cash and investment assets - ending	\$ -	\$ 3,936	\$ 4,948	\$ 92,434	\$ 23,878
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ -	\$ 4,948	\$ 92,434	\$ -
Public safety	-	3,936	-	-	-
Culture and recreation	-	-	-	-	-
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Unrestricted	-	-	-	-	23,878
Total cash and investment fund balance - ending	\$ -	\$ 3,936	\$ 4,948	\$ 92,434	\$ 23,878

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 December 31, 2008
 (Continued)

	Hobart Entryway Triangle	Fire Dept Ems Education	Cops To School	Operation Pull Over	Tax Abatement
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	14,302	21,917	-
Charges for services	-	-	-	-	910
Other	-	-	6,222	-	40
Total receipts	-	-	20,524	21,917	950
Disbursements:					
General government	-	107	-	-	16,722
Public safety	-	-	-	16,542	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total disbursements	-	107	-	16,542	16,722
Excess (deficiency) of receipts over disbursements	-	(107)	20,524	5,375	(15,772)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(107)	20,524	5,375	(15,772)
Cash and investment fund balance - beginning	6,689	1,497	(123,754)	16,764	49,645
Prior period adjustment (see Note III. C.)	-	-	-	-	-
Restated cash and investment fund balance - beginning	6,689	1,497	(123,754)	16,764	49,645
Cash and investment fund balance - ending	<u>\$ 6,689</u>	<u>\$ 1,390</u>	<u>\$ (103,230)</u>	<u>\$ 22,139</u>	<u>\$ 33,873</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 6,689	\$ 1,390	\$ (103,230)	\$ -	\$ 33,873
Restricted assets:					
Cash and investments	-	-	-	22,139	-
Total cash and investment assets - ending	<u>\$ 6,689</u>	<u>\$ 1,390</u>	<u>\$ (103,230)</u>	<u>\$ 22,139</u>	<u>\$ 33,873</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	22,139	-
Culture and recreation	-	-	-	-	-
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Unrestricted	6,689	1,390	(103,230)	-	33,873
Total cash and investment fund balance - ending	<u>\$ 6,689</u>	<u>\$ 1,390</u>	<u>\$ (103,230)</u>	<u>\$ 22,139</u>	<u>\$ 33,873</u>

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 December 31, 2008
 (Continued)

	Scout Cabin	Special Events	Public Works Donation	2008 Drug Free Communities Grant	2008 Recycling Grants
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	4,606	36,707
Charges for services	-	-	-	-	-
Other	250	3,619	250	-	-
Total receipts	250	3,619	250	4,606	36,707
Disbursements:					
General government	-	3,079	138	-	-
Public safety	-	-	-	3,751	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total disbursements	-	3,079	138	3,751	-
Excess (deficiency) of receipts over disbursements	250	540	112	855	36,707
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	250	540	112	855	36,707
Cash and investment fund balance - beginning	270	-	-	-	-
Prior period adjustment (see Note III. C.)	-	-	-	-	-
Restated cash and investment fund balance - beginning	270	-	-	-	-
Cash and investment fund balance - ending	\$ 520	\$ 540	\$ 112	\$ 855	\$ 36,707
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 520	\$ 540	\$ 112	\$ -	\$ -
Restricted assets:					
Cash and investments	-	-	-	855	36,707
Total cash and investment assets - ending	\$ 520	\$ 540	\$ 112	\$ 855	\$ 36,707
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ -	\$ 36,707
Public safety	-	-	-	855	-
Culture and recreation	-	-	-	-	-
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Unrestricted	520	540	112	-	-
Total cash and investment fund balance - ending	\$ 520	\$ 540	\$ 112	\$ 855	\$ 36,707

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 December 31, 2008
 (Continued)

	Desert Snow Grant	1995 Go Bond Debt Service	Park Bond Debt Service	2002 Go Bond Debt Service	Park Bond 6 Project
Receipts:					
Taxes	\$ -	\$ 801,987	\$ 1,272,965	\$ -	\$ -
Intergovernmental	2,002	34,565	60,399	-	-
Charges for services	-	-	-	-	-
Other	-	4,450	-	-	-
Total receipts	2,002	841,002	1,333,364	-	-
Disbursements:					
General government	-	-	-	-	-
Public safety	5,648	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	60,000	530,000	300,000	-
Interest	-	8,510	26,342	13,200	190,552
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total disbursements	5,648	68,510	556,342	313,200	190,552
Excess (deficiency) of receipts over disbursements	(3,646)	772,492	777,022	(313,200)	(190,552)
Other financing sources (uses):					
Transfers in	-	-	-	2,177,685	335,684
Transfers out	-	(2,097,278)	(490,116)	-	-
Total other financing sources (uses)	-	(2,097,278)	(490,116)	2,177,685	335,684
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,646)	(1,324,786)	286,906	1,864,485	145,132
Cash and investment fund balance - beginning	-	1,347,872	(201,728)	(1,835,579)	(127,516)
Prior period adjustment (see Note III. C.)	-	-	-	-	-
Restated cash and investment fund balance - beginning	-	1,347,872	(201,728)	(1,835,579)	(127,516)
Cash and investment fund balance - ending	\$ (3,646)	\$ 23,086	\$ 85,178	\$ 28,906	\$ 17,616
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ (3,646)	\$ -	\$ -	\$ -	\$ -
Restricted assets:					
Cash and investments	-	23,086	85,178	28,906	17,616
Total cash and investment assets - ending	\$ (3,646)	\$ 23,086	\$ 85,178	\$ 28,906	\$ 17,616
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service	-	23,086	85,178	28,906	17,616
Capital outlay	-	-	-	-	-
Unrestricted	(3,646)	-	-	-	-
Total cash and investment fund balance - ending	\$ (3,646)	\$ 23,086	\$ 85,178	\$ 28,906	\$ 17,616

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 December 31, 2008
 (Continued)

	2006 Go Bond Paving Debt Service	2007 61St Avenue Debt Service	61St Avenue Reserve Fund	Cumulative Capital Improvement	Cumulative Capital Development
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 314,482
Intergovernmental	-	-	-	82,482	18,149
Charges for services	-	-	-	-	-
Other	-	-	-	1,200	-
Total receipts	-	-	-	83,682	332,631
Disbursements:					
General government	-	-	-	-	15,999
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	12,386	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	67,667	121,120	-	-	-
Capital outlay:					
General government	-	-	-	-	75,999
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	431,881	-
Culture and recreation	-	-	-	-	-
Total disbursements	67,667	121,120	-	444,267	91,998
Excess (deficiency) of receipts over disbursements	(67,667)	(121,120)	-	(360,585)	240,633
Other financing sources (uses):					
Transfers in	74,025	-	340,000	196,803	-
Transfers out	-	-	-	-	(209,147)
Total other financing sources (uses)	74,025	-	340,000	196,803	(209,147)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,358	(121,120)	340,000	(163,782)	31,486
Cash and investment fund balance - beginning	-	-	-	(372,881)	453,478
Prior period adjustment (see Note III. C.)	-	-	-	-	-
Restated cash and investment fund balance - beginning	-	-	-	(372,881)	453,478
Cash and investment fund balance - ending	\$ 6,358	\$ (121,120)	\$ 340,000	\$ (536,663)	\$ 484,964
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ (121,120)	\$ -	\$ (536,663)	\$ -
Restricted assets:					
Cash and investments	6,358	-	340,000	-	484,964
Total cash and investment assets - ending	\$ 6,358	\$ (121,120)	\$ 340,000	\$ (536,663)	\$ 484,964
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service	6,358	-	340,000	-	-
Capital outlay	-	-	-	-	484,964
Unrestricted	-	(121,120)	-	(536,663)	-
Total cash and investment fund balance - ending	\$ 6,358	\$ (121,120)	\$ 340,000	\$ (536,663)	\$ 484,964

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 December 31, 2008
 (Continued)

	50/50 Sidewalk Program	Park Improvement	Enhancement & Improvement	Lwcf Grant	Future Sewer Lines
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Other	12,904	3,100	37,777	-	-
Total receipts	12,904	3,100	37,777	-	-
Disbursements:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
General government	28,351	-	271,822	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	35,349	-	-	-
Total disbursements	28,351	35,349	271,822	-	-
Excess (deficiency) of receipts over disbursements	(15,447)	(32,249)	(234,045)	-	-
Other financing sources (uses):					
Transfers in	-	-	-	942,276	-
Transfers out	-	-	-	-	(21,700)
Total other financing sources (uses)	-	-	-	942,276	(21,700)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,447)	(32,249)	(234,045)	942,276	(21,700)
Cash and investment fund balance - beginning	(81,797)	349,400	286,921	(942,276)	21,700
Prior period adjustment (see Note III. C.)	-	-	-	-	-
Restated cash and investment fund balance - beginning	(81,797)	349,400	286,921	(942,276)	21,700
Cash and investment fund balance - ending	<u>\$ (97,244)</u>	<u>\$ 317,151</u>	<u>\$ 52,876</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ (97,244)	\$ -	\$ 52,876	\$ -	\$ -
Restricted assets:					
Cash and investments	-	317,151	-	-	-
Total cash and investment assets - ending	<u>\$ (97,244)</u>	<u>\$ 317,151</u>	<u>\$ 52,876</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service	-	-	-	-	-
Capital outlay	-	317,151	-	-	-
Unrestricted	(97,244)	-	52,876	-	-
Total cash and investment fund balance - ending	<u>\$ (97,244)</u>	<u>\$ 317,151</u>	<u>\$ 52,876</u>	<u>\$ -</u>	<u>\$ -</u>

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 December 31, 2008
 (Continued)

	Green Acres Sewer Line	Water Lines	Assistance To Firefighters Grant	Major Moves Construction	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,937,927
Intergovernmental	-	-	206,501	483,187	2,589,436
Charges for services	-	-	-	-	192,139
Other	-	4,061	-	3,440	304,193
Total receipts	-	4,061	206,501	486,627	6,023,695
Disbursements:					
General government	-	-	-	-	104,580
Public safety	-	-	101,446	-	273,117
Highways and streets	-	-	-	-	1,221,830
Economic development	-	-	-	-	12,386
Culture and recreation	-	-	-	-	537,471
Debt service:					
Principal	-	-	-	-	890,000
Interest	-	-	-	-	427,391
Capital outlay:					
General government	-	-	-	-	441,057
Public safety	-	-	128,000	-	197,740
Highways and streets	-	-	-	205,116	1,779,784
Economic development	-	-	-	-	431,881
Culture and recreation	-	-	-	-	45,912
Total disbursements	-	-	229,446	205,116	6,363,149
Excess (deficiency) of receipts over disbursements	-	4,061	(22,945)	281,511	(339,454)
Other financing sources (uses):					
Transfers in	-	2,839	22,946	-	4,113,812
Transfers out	(52,733)	-	-	-	(3,037,641)
Total other financing sources (uses)	(52,733)	2,839	22,946	-	1,076,171
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(52,733)	6,900	1	281,511	736,717
Cash and investment fund balance - beginning	52,733	49,389	-	-	(1,135,336)
Prior period adjustment (see Note III. C.)	-	-	-	-	-
Restated cash and investment fund balance - beginning	52,733	49,389	-	-	(1,135,336)
Cash and investment fund balance - ending	\$ -	\$ 56,289	\$ 1	\$ 281,511	\$ (398,619)
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ (2,626,584)
Restricted assets:					
Cash and investments	-	56,289	1	281,511	2,227,965
Total cash and investment assets - ending	\$ -	\$ 56,289	\$ 1	\$ 281,511	\$ (398,619)
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ -	\$ 281,840
Public safety	-	-	-	-	257,379
Culture and recreation	-	-	-	-	47,686
Debt service	-	-	-	-	501,144
Capital outlay	-	56,289	1	281,511	1,139,916
Unrestricted	-	-	-	-	(2,626,584)
Total cash and investment fund balance - ending	\$ -	\$ 56,289	\$ 1	\$ 281,511	\$ (398,619)

CITY OF HOBART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 INTERNAL SERVICE FUNDS
 As Of And For The Year Ended December 31, 2008

	Employee Health Benefits	Third Party Administrator	Totals
Operating receipts:			
Charges for services - employee	\$ 55,853	\$ -	\$ 55,853
Charges for services - employer	-	449,143	449,143
	<u>55,853</u>	<u>449,143</u>	<u>504,996</u>
Total operating receipts			
Operating disbursements:			
Insurance claims and expense	6,346	618,271	624,617
	<u>6,346</u>	<u>618,271</u>	<u>624,617</u>
Total operating disbursements			
Excess (deficiency) of receipts over disbursements	<u>49,507</u>	<u>(169,128)</u>	<u>(119,621)</u>
Nonoperating receipts (disbursements):			
Investment income	-	65	65
	<u>-</u>	<u>65</u>	<u>65</u>
Total nonoperating receipts (disbursements)			
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	<u>49,507</u>	<u>(169,063)</u>	<u>(119,556)</u>
Cash and investment fund balance - beginning	<u>147,673</u>	<u>169,656</u>	<u>317,329</u>
Cash and investment fund balance - ending	<u>\$ 197,180</u>	<u>\$ 593</u>	<u>\$ 197,773</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 197,180	\$ -	\$ 197,180
Cash with fiscal agent	-	593	593
	<u>-</u>	<u>593</u>	<u>593</u>
Total cash and investment assets - December 31	<u>\$ 197,180</u>	<u>\$ 593</u>	<u>\$ 197,773</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Unrestricted	<u>\$ 197,180</u>	<u>\$ 593</u>	<u>\$ 197,773</u>
Total cash and investment fund balance - December 31	<u>\$ 197,180</u>	<u>\$ 593</u>	<u>\$ 197,773</u>

CITY OF HOBART
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2008

	Police Pension	Fire Pension	Fire Pension 1977	Police Pension 1977	Totals
Additions:					
Contributions:					
Employer	\$ -	\$ -	\$ 133,942	\$ 152,995	\$ 286,937
State	767,661	295,963	-	-	1,063,624
Total additions	<u>767,661</u>	<u>295,963</u>	<u>133,942</u>	<u>152,995</u>	<u>1,350,561</u>
Deductions:					
Benefits	493,548	342,296	134,296	153,904	1,124,044
Administrative and general	1,357	1,357	-	-	2,714
Total deductions	<u>494,905</u>	<u>343,653</u>	<u>134,296</u>	<u>153,904</u>	<u>1,126,758</u>
Excess (deficiency) of total additions over total deductions	272,756	(47,690)	(354)	(909)	223,803
Cash and investment fund balance - beginning	<u>198,830</u>	<u>466,614</u>	<u>(226,797)</u>	<u>(253,378)</u>	<u>185,269</u>
Cash and investment fund balance - ending	<u>\$ 471,586</u>	<u>\$ 418,924</u>	<u>\$ (227,151)</u>	<u>\$ (254,287)</u>	<u>\$ 409,072</u>

CITY OF HOBART
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008

	Payroll	Payroll Withholdings	Water Escrow	Nipsco Escrow	Cable Escrow	Civilian Perf	County Share Court Costs
Additions:							
Agency fund additions	\$ 107,230	\$ 10,448,473	\$ 496,087	\$ 2,449,256	\$ -	\$ 119,811	\$ 358,174
Deductions:							
Agency fund deductions	177,680	10,439,410	763,332	2,425,179	-	114,992	360,493
Excess (deficiency) of total additions over total deductions	(70,450)	9,063	(267,245)	24,077	-	4,819	(2,319)
Cash and investment fund balance - beginning	1,086,259	(325,090)	284,702	(23,703)	100,000	(205,078)	17,642
Cash and investment fund balance - ending	<u>\$ 1,015,809</u>	<u>\$ (316,027)</u>	<u>\$ 17,457</u>	<u>\$ 374</u>	<u>\$ 100,000</u>	<u>\$ (200,259)</u>	<u>\$ 15,323</u>

CITY OF HOBART
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Drug Free Communities	Park District Bonds 2005	Park Refunding Bonds 2005	Redevelopment District Bonds of 2007	Adult Probation	City Court	Totals
Additions:							
Agency fund additions	\$ 32,800	\$ 190,039	\$ 556,080	\$ 121,209	\$ 29,392	\$ 966,703	\$ 15,875,254
Deductions:							
Agency fund deductions	<u>32,800</u>	<u>189,885</u>	<u>555,675</u>	<u>121,120</u>	<u>31,109</u>	<u>937,170</u>	<u>16,148,845</u>
Excess (deficiency) of total additions over total deductions	-	154	405	89	(1,717)	29,533	(273,591)
Cash and investment fund balance - beginning	<u>10,160</u>	<u>453</u>	<u>1,558</u>	<u>-</u>	<u>6,121</u>	<u>281,064</u>	<u>1,234,088</u>
Cash and investment fund balance - ending	<u>\$ 10,160</u>	<u>\$ 607</u>	<u>\$ 1,963</u>	<u>\$ 89</u>	<u>\$ 4,404</u>	<u>\$ 310,597</u>	<u>\$ 960,497</u>

CITY OF HOBART
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2008

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 974,106
Public art	89,356
Capital assets, being depreciated:	
Infrastructure	92,977,404
Buildings	4,879,332
Improvements other than buildings	742,072
Machinery and equipment	<u>10,295,761</u>
Total governmental activities capital assets	<u>\$ 109,958,031</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 17,765
Construction in progress	1,400,000
Capital assets, being depreciated:	
Buildings	14,262,269
Infrastructure	17,196,940
Machinery and equipment	<u>43,321</u>
Total business-type activities capital assets	<u>\$ 32,920,295</u>

CITY OF HOBART
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2008

The City has entered into the following debt:

Description of Asset	Ending Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Garbage Trucks	\$ 99,232	\$ 36,323
Fire Truck	267,074	99,320
Police Vehicles	147,036	79,943
Police Equipment	59,390	29,695
EMS Equipment	58,794	19,598
Bunker Gear Equipment	42,724	12,344
Refuse Truck	104,080	55,769
Street Truck	27,851	10,070
Ambulances	249,576	61,092
Bonds payable:		
General obligation bonds:		
1995 City Improvement Bonds	105,000	59,235
2005 Park District Refunding Bonds	390,000	398,206
2005 Park District Bonds	5,200,000	189,885
2006 General Obligation Bonds	1,800,000	192,500
2007 Special Taxing District Bonds	3,400,000	150,356
Total governmental activities long-term debt	\$ 11,950,757	\$ 1,394,336
Business-type activities:		
Wastewater Utility:		
Claims and judgments:		
Capital Costs owed to Gary Sanitary District	\$ 1,457,407	\$ 195,728

** Principal payments begin in 2013.

CITY OF HOBART
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

The 2008 records presented for audit indicated the following funds had expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Excess Amount Expended</u>
General	\$ 3,612,096
Park Fund Proceeds 6 Projects	32,518
Motor Vehicle Highway	28,120
Local Road and Street	1,049,595
Local Law Enforcement Continuing Education	166
Cumulative Capital Improvement	94,267
Major Moves Construction	155,116

Officials noted that funds budgeted by the DLGF did not receive an approved reduced budget until December 3, 2008. Additional appropriations were not able to be requested and implemented by year end.

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

NEGATIVE CASH BALANCES

The following funds had negative cash balances at December 31, 2008:

<u>Fund</u>	<u>Amount</u>
Motor Vehicle Highway (201)	\$ 316,273
Local Road and Street (202)	1,762,269
COPS to School (284)	103,230
Desert Snow Grant (294)	3,646
2007 61 st Avenue Debt Service (324)	121,120
Cumulative Capital Improvement (401)	535,663
50/50 Sidewalk Program (473)	97,244
Fire Pension 1977 (817)	227,151
Police Pension 1977 (819)	254,287
Payroll Withholding	316,027
Civilian PERF (805)	200,259

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 Cities and Towns, Chapter 7)

CITY OF HOBART
AUDIT RESULTS AND COMMENTS
(Continued)

INTEREST NOT RECORDED

Accumulated interest in the "Trust Indiana" investment account and the "Fifth Third Bank" savings account, totaling \$287,048.88 as of December 31, 2008, had not been recorded on the CTAR (Cities and Town Annual Report) or in the City's fund ledger. The reported financial statements have been adjusted to include this interest and the beginning cash and investment fund balance has been restated.

The following 2008 interest was not recorded in the ledger:

Redevelopment Fund (406)	\$ 13,949.83
Park Bond Proceeds 6 Projects Fund (472)	21,083.62
Major Moves Fund (407)	3,440.33

The interest earned, but not recorded in the ledger, from March 14, 2006 to December 31, 2007, at Fifth Third Bank for the Park Bond Proceeds 6 Projects Fund was \$248,575.10. This has been considered a prior period adjustment.

Officials did not record the earnings for these investments as they had not redeemed the investments at year end. On September 18, 2009, the Park Bond Proceeds 6 Projects Fund investment was redeemed. Principal and interest was deposited and recorded in the fund.

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

UNCLAIMED MONEY OVER FIVE YEARS OLD (Applies to CITY COURT)

The City Court's Trust Register includes restitution and cash bonds which have been unclaimed in excess of five years, for an undetermined amount. In October 2008, the City Court remitted to the Attorney General, \$2,013.50 for some of the unclaimed items. However, more research is needed to review all old case files to determine the amount that should be sent to the Attorney General's office. A similar comment appeared in the prior report.

All items that can be legally disbursed should be paid immediately to the person or persons entitled thereto. All fees and funds five or more years old, including old outstanding checks, should be scheduled on forms provided by the Attorney General and paid over to the Attorney General as required by IC 32-34-1-20(c)(7). Items should not be allowed to accumulate beyond the five year anniversary date. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

TRUST FUND RECONCILEMENT (Applies to CITY COURT)

As of October 27, 2009, no disbursements issued in 2008 had been posted to the official Register of Trust Funds (General Form 102). Since no disbursements have been posted for 2008 the City Court is unable to reconcile the Register of Trust Funds' balance to the Court's Cash Book balance. As of December 31, 2007, the City Court's reconciliation revealed a difference of \$11,443 between the Cash Book balance and the Register of Trust Funds. Since then, no further reconciliations have been performed, and no steps have been taken to investigate the difference revealed in the 2007 year end reconciliation and any potential differences occurring in 2008.

The total of all unpaid items as shown by the trust fund register must agree with the balance in trust as shown by the court cash book. (Accounting and Uniform Compliance Guidelines for City and Town Courts, Chapter 1)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Hobart (City) 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 year ended December 31, 2008. The City'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 City's management. Our responsibility is to express an opinion on the City'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 City'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 City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

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

This report is intended solely for the information and use of the City's management, 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

November 9, 2009

CITY OF HOBART
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 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
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
Economic Development Initiative - Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251		\$ 650,000
Total for federal grantor agency			<u>650,000</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Edward Byrne Memorial Formula Grant Program	16.579		<u>40,135</u>
Pass-Through Indiana Criminal Justice Institute			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-0018	<u>5,648</u>
Total for federal grantor agency			<u>45,783</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205		
Construction Management		STP-N606(001)	308,252
Construction Management		STP-9945(067)	<u>39,585</u>
Total for program			<u>347,837</u>
Pass-Through Indiana Department of Transportation			
Recreational Trails Program	20.219	STP-9945(066)	<u>132,250</u>
Pass-Through Indiana Criminal Justice Institute			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		
DUI Task Force Enforcement Program		PT-06-04-06-07	51,390
Aggressive Driving Enforcement Program		PT-08-04-01-31	<u>23,283</u>
Total for program			<u>74,673</u>
Total for federal grantor agency			<u>554,760</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		<u>314,791</u>
Direct Grant			
Assistance to Firefighters Grant	97.044		<u>206,501</u>
Total for federal grantor agency			<u>521,292</u>
Total federal awards expended			<u>\$ 1,771,835</u>

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

CITY OF HOBART
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Hobart (City) 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.

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
14.251	Economic Development Initiative – Special Project, Neighborhood Initiative and Miscellaneous Grants
20.205	Highway Planning and Construction
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF HOBART
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF HOBART
EXIT CONFERENCE

The contents of this report were discussed on November 9, 2009, with Deborah A. Longer, Clerk-Treasurer; Brian K. Snedecor, Mayor; Sue Laba, Deputy Clerk-Treasurer; and Stella McDaniels, Accounting Clerk. The official response has been made a part of this report and may be found on pages 55 and 56.

Deborah A. Longer
Clerk-Treasurer

"The Friendly City"

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(219) 942-1940



The City of Hobart

414 Main Street • Hobart, Indiana 46342

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(219) 942-0505

November 16, 2009

State Board of Accounts
Porter County Government Center
155 Indiana Ave.
Valparaiso, IN 46383

RE: Official Response to City of Hobart 2008 Audit

Appropriations: The City of Hobart did not receive the 2008 Certified Budget Order from the Department of Local Government Finance (DLGF) until early December 2008. As a result, the City operated for the first 11 months of the year within the Common Council's approved budget as submitted to the state. As the Legislative Body, the Council took appropriate action based on their approved budget throughout the year, adopting ordinances showing the line item additional appropriations and reductions to meet the needs of the City within the parameters of their budget. Once the Budget Order arrived from the DLGF, it was too late in the year to meet the mid-December deadlines for the processing and submission of additional appropriations to the DLGF for consideration. This item will not be an issue in the future if budgets are certified by the DLGF early in the taxing year to allow the City to adjust its appropriations as needed and facilitate planning for the remaining months of the year before funds are expended.

Negative Cash Balances: Many of the funds listed in this category are due to reimbursable funds not being received by the end of the fiscal year to offset the negative balances. In the tax-supported funds, final distributions of property taxes for 2008 were not distributed to the City of Hobart until March of 2009. The City utilized interfund borrowing as needed to meet the ongoing expenses in all funds. At the end of the fiscal year, the interfund borrowing was paid back to the appropriate funds as required and certain funds ended the year with a negative cash balance, showing a true picture of funds not yet received. The payroll and pension funds listed in the report are a result of a transfer from one fund to another not being done until 2009 to offset the annual amounts due. The City uses a "pooled cash" approach so that it will not overdraw individual funds while waiting for reimbursements or tax distributions.

Interest Not Recorded: When investments are redeemed, the interest is posted to the appropriate fund in its entirety and noted in both the investment ledger and the closed investment financial statements. In 2009, an Investment Fund has been added to the accounting records to show the monthly interest accumulated on investments. This additional fund will provide the information to the annual report of the monthly earnings on investments regardless of the timing of the redemption of the investment.

Conclusion: Due to the 2008 audit taking place in October of 2009, many of the issues discussed during the audit process had already been implemented or addressed in 2009 but were not reflected in the year 2008. The administration of the City of Hobart continues to handle the fiscal responsibilities in an appropriate manner while adjusting to the lack of a timely certified budget and the late property tax distribution that is beyond its control.

Deborah A. Longer
Clerk-Treasurer

HOBART CITY COURT

414 Main Street
Hobart, Indiana 46342

William J. Longer, Judge

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Fax: 1-219-942-2697
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November 18, 2009

Response to 2008 Audit Results and Comments

Trust Fund Reconciliation

Our response to this item in the 2008 audit is:

Financial records are maintained manually, and in the court management system in use in Lake County (Courtview). Trust receipts and disbursements were recorded in the computerized system in timely manner. New filings increased in 2008 by more than 33%, placing increased demand upon available court staff. While the effect of this increase was felt in 2009 as well, manual posting will be current in 2009 and it is anticipated that trust fund reconciliation will be completed in 2009.

Unclaimed Funds over 5 years old

Our response to this item in the 2008 audit is:

Subsequent to receipt of prior year audit results, a review of files with stale checks or unclaimed funds was conducted in 2009. Where appropriate, additional notice was given to persons or entities entitled to funds held by the court, funds were forwarded to the Attorney General, or dates when funds should be considered abandoned property were established by court order. Additional funds identified as abandoned property were forwarded to the Attorney General in fall of 2009. Steps have been implemented to assure that funds are remitted to the Attorney General in timely manner.

Respectfully,



William J. Longer
Judge, Hobart City Court