

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SCHOOL CITY OF HOBART
LAKE COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
03/18/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dawn Powers	07-01-10 to 06-30-13
Business Manager	Ted Zembala	07-01-10 to 06-30-13
Superintendent of Schools	Dr. Peggy Buffington	07-01-10 to 06-30-13
President of the School Board	Terry Butler	01-01-10 to 12-31-12



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the School City of Hobart (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated December 3, 2012, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

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

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

STATE BOARD OF ACCOUNTS

December 3, 2012



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

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

We have audited the financial statement of the School City of Hobart (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated December 3, 2012. 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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

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

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

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

STATE BOARD OF ACCOUNTS

December 3, 2012

FINANCIAL STATEMENT

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

SCHOOL CITY OF HOBART
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 918,156	\$ 24,643,699	\$ 24,112,620	\$ 45,056	\$ 1,494,291	\$ 24,776,130	\$ 25,118,701	\$ 45,043	\$ 1,196,763
Debt Service	124,961	526,320	552,914	-	98,367	1,478,633	1,302,203	-	274,797
Exempt Debt	2,440,016	3,980,949	6,380,819	-	40,146	8,512,248	6,147,384	-	2,405,010
Exempt Retirement/Severance Bond Debt Service	218,914	287,795	470,876	-	35,833	535,626	416,532	-	154,927
Capital Projects	1,097,711	1,751,570	2,574,550	-	274,731	2,835,522	2,474,602	-	635,651
School Transportation	261,163	1,990,847	2,049,623	-	202,387	2,812,434	2,460,206	39,112	593,727
School Bus Replacement	206,081	334,456	265,042	-	275,495	548,226	553,595	-	270,126
Retirement/Severance Bond	119,749	196	37,783	-	82,162	54	13,518	-	68,698
Construction	78,118	2,524	119,676	-	(39,034)	20,473	(34,391)	-	15,830
Construction II	-	-	8	-	(8)	11,070	308,062	297,000	-
School Lunch	48,533	1,742,846	1,721,108	-	70,271	1,765,904	1,796,038	-	40,137
Textbook Rental	1,018,192	644,926	608,437	-	1,054,681	620,996	823,604	-	852,073
Levy Excess	-	39,112	-	-	39,112	-	-	(39,112)	-
Alternative Education	-	17,470	11,156	-	6,314	24,064	30,378	-	-
Alternative Education II	-	-	(91)	-	91	-	91	-	-
SAFE School Haven	-	18,000	18,000	-	-	20,000	20,000	-	-
Early Intervention Grant	-	17,900	17,900	-	-	-	-	-	-
Gift Donation I	3,903	-	300	-	3,603	-	-	-	3,603
Gift Donation II	1,541	4,525	4,291	-	1,775	1,000	2,217	-	558
Norris Listening Library	500	-	-	-	500	-	500	-	-
Wal Mart Awards	1,000	-	-	-	1,000	-	-	-	1,000
Pepsi Agreement Proceeds	22,720	16,829	17,519	-	22,030	24,000	5,914	-	40,116
Legacy Foundation	2,139	18,800	5,471	-	15,468	-	3,240	-	12,228
Hobart Educational Foundation	13,330	11,000	9,154	-	15,176	22,015	15,554	-	21,637
Parents as Teachers, FY 12-13	-	-	-	-	-	1,000	-	-	1,000
Empowering Teens as Parents	-	-	-	-	-	7,672	9,800	-	(2,128)
Lake County Initiative	(922)	14,265	10,311	-	3,032	14,933	12,607	-	5,358
Parents as Teachers	42,376	28,252	65,064	-	5,564	31,525	45,974	-	(8,885)
Hobart Educational Foundation II	3,000	-	(1,099)	-	4,099	-	-	-	4,099
Gifted and Talented FY 10-11	-	41,466	33,829	-	7,637	-	7,637	-	-
State High Ability FY 11-12	-	-	-	-	-	40,300	40,300	-	-
State High Ability Grant II	6,386	-	6,386	-	-	-	-	-	-
Gifted and Talented	(196)	-	(196)	-	-	-	-	-	-
Non-English Speaking Programs FY 11-12	-	-	-	-	-	12,023	12,023	-	-
Non-English Speaking Programs FY 10-11	-	12,028	12,028	-	-	-	-	-	-
Non-English Speaking Programs FY 09-10	38	-	38	-	-	-	-	-	-

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

SCHOOL CITY OF HOBART
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012
(Continued)

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
Technology Fund CISCO	91,115	107,178	78,929	-	119,364	67,411	116,734	-	70,041
Drug Free Community	-	-	-	-	-	15,000	-	-	15,000
Title I, FY 11-12	-	-	-	-	-	323,920	337,236	-	(13,316)
Title I, FY 10-11	-	334,497	414,304	-	(79,807)	126,185	46,378	-	-
Title I, FY 09-10	24,849	40,501	65,350	-	-	-	-	-	-
Title V Innovative, FY 07-08	50	-	-	-	50	-	50	-	-
IDEA, Special Education, Part B	-	-	-	-	-	69,931	69,931	-	-
Special Education, Improvement Award, FY 11-12	-	-	-	-	-	-	69,995	-	(69,995)
Safe and Drug-Free, FY 08-09	2,717	-	2,717	-	-	-	-	-	-
Safe and Drug-Free, FY 09-10	-	3,113	3,188	-	(75)	2,849	2,774	-	-
Safe and Drug-Free, FY 10-11	-	-	2,195	-	(2,195)	-	(2,195)	-	-
Tech Prep PLTW, FY 11-12	-	-	-	-	-	-	3,150	-	(3,150)
Project Lead the Way, FY 11-12	-	-	-	-	-	41,271	41,271	-	-
Mandatory Random Drug Testing	(6,385)	105,557	44,001	-	55,171	-	55,171	-	-
Title II, Part A, FY 10-11	-	328	328	-	-	71,112	76,657	-	(5,545)
Title II, Part A, FY 07-08	670	-	-	-	670	-	670	-	-
Title II, Part A, FY 08-09	36	40,002	38,657	-	1,381	-	1,381	-	-
Title II, Part A, FY 09-10	15,722	50,263	78,894	-	(12,909)	53,739	40,830	-	-
Title II, Part D, Education Technology, FY 10-11	-	103,515	103,890	-	(375)	39,790	39,415	-	-
Title III, FY 11-12	-	-	-	-	-	14,766	14,766	-	-
Title III, LEP, FY 10-11	-	11,340	11,340	-	-	840	840	-	-
Title III, English Proficiency	147	-	147	-	-	-	-	-	-
Fiscal Stabilization - Education	-	-	-	-	-	-	-	-	-
Title I - Grants to LEAs, Stimulus	22,215	87,193	138,072	-	(28,664)	52,865	24,201	-	-
Special Education - Part B, Stimulus	(17,290)	246,905	267,124	-	(37,509)	57,672	20,163	-	-
School Lunch Equipment, Stimulus	7,500	7,500	15,000	-	-	-	-	-	-
Education Jobs Fund	-	703,336	703,336	-	-	10,389	10,389	-	-
Clearing	116,978	5,050,229	5,051,323	-	115,884	4,958,818	5,016,993	-	57,709
Clearing Flexible Benefits	20,294	177,298	175,442	-	22,150	202,009	204,540	-	19,619
Prepaid Food	11,200	462,077	444,577	-	28,700	674,304	676,772	-	26,232
Clearing Insurance	36,893	336,525	191,543	-	181,875	234,552	424,869	-	(8,442)
Clearing Safe Hiring	490	56	196	-	350	-	-	-	350
Barr Security Global Merchant Fee	8	576	5,057	-	(4,473)	4,473	-	-	-
TBR Clearing Fund	-	248,290	248,290	-	-	142,624	142,492	-	132
Totals	\$ 6,954,618	\$ 44,262,054	\$ 47,187,417	\$ 45,056	\$ 4,074,311	\$ 51,280,368	\$ 49,021,762	\$ 342,043	\$ 6,674,960

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

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

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

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

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

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and funds held temporarily for an authorized recipient.

F. Other Financing Sources and Uses

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

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

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

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

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

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

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

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. Teacher's Retirement Fund

Plan Description

The Indiana Teacher's Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENT
(Continued)

supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

Note 7. Subsequent Events

In July 2012, the School Corporation received a \$1,000,000 School Improvement Note of 2012. Principal and interest of \$9,194 is due July 1, 2013.

The School Corporation received \$60,673 Capital Projects Loan from the State of Indiana, pursuant to IC 6-1.1-18-12.5. This is an interest free loan payable in two annual installments starting July 1, 2013.

SUPPLEMENTARY INFORMATION – UNAUDITED

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

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

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

	General	Debt Service	Exempt Debt	Exempt Retirement/ Severance Bond Debt Reserve	Capital Projects	School Transportation	School Bus Replacement	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 918,156	\$ 124,961	\$ 2,440,016	\$ 218,914	\$ 1,097,711	\$ 261,163	\$ 206,081	\$ 119,749	\$ 78,118
Receipts:									
Local sources	1,212,125	403,445	3,663,095	240,243	1,143,151	1,003,251	139,925	196	2,524
Intermediate sources	356,019	-	-	-	-	-	-	-	-
State sources	21,933,055	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	1,118,050	122,875	317,854	47,552	608,419	987,596	194,531	-	-
Other	24,450	-	-	-	-	-	-	-	-
Total receipts	24,643,699	526,320	3,980,949	287,795	1,751,570	1,990,847	334,456	196	2,524
Disbursements:									
Current:									
Instruction	15,433,792	-	-	-	20,190	122	-	37,783	-
Support services	8,126,242	-	-	-	1,557,640	1,370,510	196,000	-	119,256
Noninstructional services	125,219	-	-	-	-	-	-	-	-
Facilities acquisition and construction	29,845	-	-	-	177,694	-	-	-	420
Debt services	397,522	552,914	6,380,819	470,876	819,026	678,991	69,042	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	24,112,620	552,914	6,380,819	470,876	2,574,550	2,049,623	265,042	37,783	119,676
Excess (deficiency) of receipts over disbursements	531,079	(26,594)	(2,399,870)	(183,081)	(822,980)	(58,776)	69,414	(37,587)	(117,152)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	45,056	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	45,056	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	576,135	(26,594)	(2,399,870)	(183,081)	(822,980)	(58,776)	69,414	(37,587)	(117,152)
Cash and investments - ending	\$ 1,494,291	\$ 98,367	\$ 40,146	\$ 35,833	\$ 274,731	\$ 202,387	\$ 275,495	\$ 82,162	\$ (39,034)

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

	Construction II	School Lunch	Textbook Rental	Levy Excess	Alternative Education	Alternative Education II	SAFE School Haven	Early Intervention Grant	Gift Donation I
Cash and investments - beginning	\$ -	\$ 48,533	\$ 1,018,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,903
Receipts:									
Local sources	-	848,629	406,174	39,112	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	17,727	238,752	-	17,470	-	18,000	17,900	-
Federal sources	-	876,490	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	1,742,846	644,926	39,112	17,470	-	18,000	17,900	-
Disbursements:									
Current:									
Instruction	-	-	-	-	11,156	(91)	-	2,914	300
Support services	8	27,271	608,437	-	-	-	18,000	14,986	-
Noninstructional services	-	1,693,837	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	8	1,721,108	608,437	-	11,156	(91)	18,000	17,900	300
Excess (deficiency) of receipts over disbursements	(8)	21,738	36,489	39,112	6,314	91	-	-	(300)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8)	21,738	36,489	39,112	6,314	91	-	-	(300)
Cash and investments - ending	\$ (8)	\$ 70,271	\$ 1,054,681	\$ 39,112	\$ 6,314	\$ 91	\$ -	\$ -	\$ 3,603

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

	Gift Donation II	Norris Listening Library	Wal Mart Awards	Pepsi Agreement Proceeds	Legacy Foundation	Hobart Educational Foundation	Parents as Teachers FY 11-12	Empowering Teens as Parents	Lake County Initiative
Cash and investments - beginning	\$ 1,541	\$ 500	\$ 1,000	\$ 22,720	\$ 2,139	\$ 13,330	\$ -	\$ -	\$ (922)
Receipts:									
Local sources	4,525	-	-	16,829	18,800	11,000	-	-	14,265
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	4,525	-	-	16,829	18,800	11,000	-	-	14,265
Disbursements:									
Current:									
Instruction	3,166	-	-	-	-	-	-	-	-
Support services	1,125	-	-	17,519	-	9,154	-	-	10,311
Noninstructional services	-	-	-	-	5,471	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	4,291	-	-	17,519	5,471	9,154	-	-	10,311
Excess (deficiency) of receipts over disbursements	234	-	-	(690)	13,329	1,846	-	-	3,954
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	234	-	-	(690)	13,329	1,846	-	-	3,954
Cash and investments - ending	\$ 1,775	\$ 500	\$ 1,000	\$ 22,030	\$ 15,468	\$ 15,176	\$ -	\$ -	\$ 3,032

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

	Parents as Teachers	Hobart Educational Foundation II	Gifted and Talented FY 10-11	State High Ability FY 11-12	State High Ability Grant II	Gifted and Talented	Non-English Speaking Programs FY 11-12	Non-English Speaking Programs FY 10-11	Non-English Speaking Programs FY 09-10
Cash and investments - beginning	\$ 42,376	\$ 3,000	\$ -	\$ -	\$ 6,386	\$ (196)	\$ -	\$ -	\$ 38
Receipts:									
Local sources	28,252	-	41,466	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	12,028	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	28,252	-	41,466	-	-	-	-	12,028	-
Disbursements:									
Current:									
Instruction	-	-	33,829	-	6,386	(196)	-	12,028	38
Support services	65,064	(1,099)	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	65,064	(1,099)	33,829	-	6,386	(196)	-	12,028	38
Excess (deficiency) of receipts over disbursements	(36,812)	1,099	7,637	-	(6,386)	196	-	-	(38)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(36,812)	1,099	7,637	-	(6,386)	196	-	-	(38)
Cash and investments - ending	\$ 5,564	\$ 4,099	\$ 7,637	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Technology Fund CISCO	Drug Free Community	Title I, FY 11-12	Title I, FY 10-11	Title I, FY 09-10	Title V Innovative, FY 07-08	IDEA Special Education, Part B	Special Education Improvement Award, FY 11-12	Safe and Drug-Free, FY 08-09
Cash and investments - beginning	\$ 91,115	\$ -	\$ -	\$ -	\$ 24,849	\$ 50	\$ -	\$ -	\$ 2,717
Receipts:									
Local sources	93,288	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	13,890	-	-	-	-	-	-	-	-
Federal sources	-	-	-	334,497	40,501	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	107,178	-	-	334,497	40,501	-	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	376,414	64,242	-	-	-	2,717
Support services	78,929	-	-	32,890	1,108	-	-	-	-
Noninstructional services	-	-	-	5,000	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	78,929	-	-	414,304	65,350	-	-	-	2,717
Excess (deficiency) of receipts over disbursements	28,249	-	-	(79,807)	(24,849)	-	-	-	(2,717)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	28,249	-	-	(79,807)	(24,849)	-	-	-	(2,717)
Cash and investments - ending	\$ 119,364	\$ -	\$ -	\$ (79,807)	\$ -	\$ 50	\$ -	\$ -	\$ -

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

	Safe and Drug-Free, FY 09-010	Safe and Drug-Free, FY 10-11	Tech Prep PLTW, FY 11-12	Project Lead the Way FY 11-12	Mandatory Random Drug Testing	Title II, Part A, FY 10-11	Title II, Part A, FY 07-08	Title II, Part A, FY 08-09	Title II, Part A, FY 09-10
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (6,385)	\$ -	\$ 670	\$ 36	\$ 15,722
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	3,113	-	-	-	105,557	328	-	40,002	50,263
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>3,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,557</u>	<u>328</u>	<u>-</u>	<u>40,002</u>	<u>50,263</u>
Disbursements:									
Current:									
Instruction	3,190	2,195	-	-	17,884	-	-	28,001	65,589
Support services	(2)	-	-	-	26,117	328	-	10,656	13,305
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>3,188</u>	<u>2,195</u>	<u>-</u>	<u>-</u>	<u>44,001</u>	<u>328</u>	<u>-</u>	<u>38,657</u>	<u>78,894</u>
Excess (deficiency) of receipts over disbursements	<u>(75)</u>	<u>(2,195)</u>	<u>-</u>	<u>-</u>	<u>61,556</u>	<u>-</u>	<u>-</u>	<u>1,345</u>	<u>(28,631)</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(75)</u>	<u>(2,195)</u>	<u>-</u>	<u>-</u>	<u>61,556</u>	<u>-</u>	<u>-</u>	<u>1,345</u>	<u>(28,631)</u>
Cash and investments - ending	<u>\$ (75)</u>	<u>\$ (2,195)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,171</u>	<u>\$ -</u>	<u>\$ 670</u>	<u>\$ 1,381</u>	<u>\$ (12,909)</u>

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

	Title II, Part D, Education Technology, FY 10-11	Title III, FY 11-12	Title III, LEP FY 10-11	Title III, English Proficiency	Fiscal Stabilization Education	Title I Grants to LEAs Stimulus	Special Education Part B Stimulus	School Lunch Equipment Stimulus	Education Jobs Fund
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 147	\$ -	\$ 22,215	\$ (17,290)	\$ 7,500	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	103,515	-	11,340	-	-	87,193	246,905	7,500	703,336
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	103,515	-	11,340	-	-	87,193	246,905	7,500	703,336
Disbursements:									
Current:									
Instruction	1,463	-	11,067	147	27,369	132,664	223,234	-	703,336
Support services	2,633	-	273	-	(21,974)	5,408	43,890	-	-
Noninstructional services	-	-	-	-	-	-	-	15,000	-
Facilities acquisition and construction	99,794	-	-	-	(5,395)	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	103,890	-	11,340	147	-	138,072	267,124	15,000	703,336
Excess (deficiency) of receipts over disbursements	(375)	-	-	(147)	-	(50,879)	(20,219)	(7,500)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(375)	-	-	(147)	-	(50,879)	(20,219)	(7,500)	-
Cash and investments - ending	\$ (375)	\$ -	\$ -	\$ -	\$ -	\$ (28,664)	\$ (37,509)	\$ -	\$ -

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

	Clearing	Clearing Flexible Benefits	Prepaid Food	Clearing Insurance	Clearing Safe Hiring	Barr Security Global Merchant Fee	TBR Clearing Fund	Totals
Cash and investments - beginning	\$ 116,978	\$ 20,294	\$ 11,200	\$ 36,893	\$ 490	\$ 8	\$ -	\$ 6,954,618
Receipts:								
Local sources	-	-	-	-	-	-	-	9,330,295
Intermediate sources	-	-	-	-	-	-	-	356,019
State sources	-	-	-	-	-	-	-	22,268,822
Federal sources	-	-	-	-	-	-	-	2,610,540
Temporary loans	-	-	-	-	-	-	-	3,396,877
Other	5,050,229	177,298	462,077	336,525	56	576	248,290	6,299,501
Total receipts	5,050,229	177,298	462,077	336,525	56	576	248,290	44,262,054
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	17,220,929
Support services	-	-	-	-	-	-	-	12,333,985
Noninstructional services	-	-	-	-	-	-	-	1,844,527
Facilities acquisition and construction	-	-	-	-	-	-	-	302,358
Debt services	-	-	-	-	-	-	-	9,369,190
Nonprogrammed charges	5,051,323	175,442	444,577	191,543	196	5,057	248,290	6,116,428
Total disbursements	5,051,323	175,442	444,577	191,543	196	5,057	248,290	47,187,417
Excess (deficiency) of receipts over disbursements	(1,094)	1,856	17,500	144,982	(140)	(4,481)	-	(2,925,363)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	45,056
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	45,056
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,094)	1,856	17,500	144,982	(140)	(4,481)	-	(2,880,307)
Cash and investments - ending	\$ 115,884	\$ 22,150	\$ 28,700	\$ 181,875	\$ 350	\$ (4,473)	\$ -	\$ 4,074,311

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Exempt Debt	Exempt Retirement/Severance Bond Debt Reserve	Capital Projects	School Transportation	School Bus Replacement	Retirement/Severance Bond	Construction
Cash and investments - beginning	\$ 1,494,291	\$ 98,367	\$ 40,146	\$ 35,833	\$ 274,731	\$ 202,387	\$ 275,495	\$ 82,162	\$ (39,034)
Receipts:									
Local sources	679,426	1,478,633	8,512,248	440,059	2,157,477	1,992,648	428,044	54	20,473
Intermediate sources	491,137	-	-	-	-	-	-	-	-
State sources	22,564,567	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	1,023,272	-	-	95,567	678,045	819,786	120,182	-	-
Other	17,728	-	-	-	-	-	-	-	-
Total receipts	24,776,130	1,478,633	8,512,248	535,626	2,835,522	2,812,434	548,226	54	20,473
Disbursements:									
Current:									
Instruction	15,597,474	-	-	-	(20,190)	(244)	-	13,518	-
Support services	8,278,055	89,277	-	-	1,569,726	1,159,576	334,000	-	(34,391)
Noninstructional services	119,393	-	-	-	-	-	-	-	-
Facilities acquisition and construction	6,162	-	-	-	234,724	-	-	-	-
Debt services	1,117,617	1,212,926	6,147,384	416,532	690,342	1,300,874	219,595	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	25,118,701	1,302,203	6,147,384	416,532	2,474,602	2,460,206	553,595	13,518	(34,391)
Excess (deficiency) of receipts over disbursements	(342,571)	176,430	2,364,864	119,094	360,920	352,228	(5,369)	(13,464)	54,864
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	45,043	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	39,112	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	45,043	-	-	-	-	39,112	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(297,528)	176,430	2,364,864	119,094	360,920	391,340	(5,369)	(13,464)	54,864
Cash and investments - ending	\$ 1,196,763	\$ 274,797	\$ 2,405,010	\$ 154,927	\$ 635,651	\$ 593,727	\$ 270,126	\$ 68,698	\$ 15,830

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Construction II	School Lunch	Textbook Rental	Levy Excess	Alternative Education	Alternative Education II	SAFE School Haven	Early Intervention Grant	Gift Donation I
Cash and investments - beginning	\$ (8)	\$ 70,271	\$ 1,054,681	\$ 39,112	\$ 6,314	\$ 91	\$ -	\$ -	\$ 3,603
Receipts:									
Local sources	11,070	833,031	478,372	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	142,624	-	24,064	-	20,000	-	-
Federal sources	-	932,873	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	11,070	1,765,904	620,996	-	24,064	-	20,000	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	18,418	91	-	-	-
Support services	308,062	28,168	823,604	-	11,960	-	20,000	-	-
Noninstructional services	-	1,767,870	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	308,062	1,796,038	823,604	-	30,378	91	20,000	-	-
Excess (deficiency) of receipts over disbursements	(296,992)	(30,134)	(202,608)	-	(6,314)	(91)	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	297,000	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(39,112)	-	-	-	-	-
Total other financing sources (uses)	297,000	-	-	(39,112)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8	(30,134)	(202,608)	(39,112)	(6,314)	(91)	-	-	-
Cash and investments - ending	\$ -	\$ 40,137	\$ 852,073	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,603

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Gift Donation II	Norris Listening Library	Wal Mart Awards	Pepsi Agreement Proceeds	Legacy Foundation	Hobart Educational Foundation	Parents as Teachers FY 11-12	Empowering Teens as Parents	Lake County Initiative
Cash and investments - beginning	\$ 1,775	\$ 500	\$ 1,000	\$ 22,030	\$ 15,468	\$ 15,176	\$ -	\$ -	\$ 3,032
Receipts:									
Local sources	1,000	-	-	24,000	-	22,015	1,000	-	14,933
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	7,672	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	1,000	-	-	24,000	-	22,015	1,000	7,672	14,933
Disbursements:									
Current:									
Instruction	2,217	-	-	-	-	-	-	-	-
Support services	-	500	-	5,914	-	15,554	-	9,800	12,607
Noninstructional services	-	-	-	-	3,240	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	2,217	500	-	5,914	3,240	15,554	-	9,800	12,607
Excess (deficiency) of receipts over disbursements	(1,217)	(500)	-	18,086	(3,240)	6,461	1,000	(2,128)	2,326
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,217)	(500)	-	18,086	(3,240)	6,461	1,000	(2,128)	2,326
Cash and investments - ending	\$ 558	\$ -	\$ 1,000	\$ 40,116	\$ 12,228	\$ 21,637	\$ 1,000	\$ (2,128)	\$ 5,358

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Parents as Teachers	Hobart Educational Foundation II	Gifted and Talented FY 10-11	State High Ability FY 11-12	State High Ability Grant II	Gifted and Talented	Non-English Speaking Programs FY 11-12	Non-English Speaking Programs FY 10-11	Non-English Speaking Programs FY 09-10
Cash and investments - beginning	\$ 5,564	\$ 4,099	\$ 7,637	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	31,525	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	40,300	-	-	12,023	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	31,525	-	-	40,300	-	-	12,023	-	-
Disbursements:									
Current:									
Instruction	-	-	7,637	40,300	-	-	12,023	-	-
Support services	45,974	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	45,974	-	7,637	40,300	-	-	12,023	-	-
Excess (deficiency) of receipts over disbursements	(14,449)	-	(7,637)	-	-	-	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,449)	-	(7,637)	-	-	-	-	-	-
Cash and investments - ending	\$ (8,885)	\$ 4,099	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Technology Fund CISCO	Drug Free Community	Title I, FY 11-12	Title I, FY 10-11	Title I, FY 09-10	Title V Innovative, FY 07-08	IDEA Special Education, Part B	Special Education Improvement Award, FY 11-12	Safe and Drug-Free, FY 08-09
Cash and investments - beginning	\$ 119,364	\$ -	\$ -	\$ (79,807)	\$ -	\$ 50	\$ -	\$ -	\$ -
Receipts:									
Local sources	61,493	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	5,918	15,000	-	-	-	-	-	-	-
Federal sources	-	-	323,920	126,185	-	-	69,931	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	67,411	15,000	323,920	126,185	-	-	69,931	-	-
Disbursements:									
Current:									
Instruction	-	-	312,597	51,277	-	-	-	-	-
Support services	113,699	-	19,639	(4,899)	-	50	-	69,995	-
Noninstructional services	-	-	5,000	-	-	-	-	-	-
Facilities acquisition and construction	3,035	-	-	-	-	-	69,931	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	116,734	-	337,236	46,378	-	50	69,931	69,995	-
Excess (deficiency) of receipts over disbursements	(49,323)	15,000	(13,316)	79,807	-	(50)	-	(69,995)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(49,323)	15,000	(13,316)	79,807	-	(50)	-	(69,995)	-
Cash and investments - ending	\$ 70,041	\$ 15,000	\$ (13,316)	\$ -	\$ -	\$ -	\$ -	\$ (69,995)	\$ -

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Safe and Drug-Free, FY 09-010	Safe and Drug-Free, FY 10-11	Tech Prep PLTW, FY 11-12	Project Lead the Way FY 11-12	Mandatory Random Drug Testing	Title II, Part A, FY 10-11	Title II, Part A, FY 07-08	Title II, Part A, FY 08-09	Title II, Part A, FY 09-10
Cash and investments - beginning	\$ (75)	\$ (2,195)	\$ -	\$ -	\$ 55,171	\$ -	\$ 670	\$ 1,381	\$ (12,909)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	41,271	-	-	-	-	-
Federal sources	2,849	-	-	-	-	71,112	-	-	53,739
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>2,849</u>	<u>-</u>	<u>-</u>	<u>41,271</u>	<u>-</u>	<u>71,112</u>	<u>-</u>	<u>-</u>	<u>53,739</u>
Disbursements:									
Current:									
Instruction	2,774	(2,195)	3,150	41,271	32,171	76,657	-	-	2,163
Support services	-	-	-	-	23,000	-	670	1,381	38,667
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>2,774</u>	<u>(2,195)</u>	<u>3,150</u>	<u>41,271</u>	<u>55,171</u>	<u>76,657</u>	<u>670</u>	<u>1,381</u>	<u>40,830</u>
Excess (deficiency) of receipts over disbursements	<u>75</u>	<u>2,195</u>	<u>(3,150)</u>	<u>-</u>	<u>(55,171)</u>	<u>(5,545)</u>	<u>(670)</u>	<u>(1,381)</u>	<u>12,909</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>75</u>	<u>2,195</u>	<u>(3,150)</u>	<u>-</u>	<u>(55,171)</u>	<u>(5,545)</u>	<u>(670)</u>	<u>(1,381)</u>	<u>12,909</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,150)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,545)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title II, Part D, Education Technology, FY 10-11	Title III, FY 11-12	Title III, LEP FY 10-11	Title III, English Proficiency	Fiscal Stabilization Education	Title I Grants to LEAs Stimulus	Special Education Part B Stimulus	School Lunch Equipment Stimulus	Education Jobs Fund
Cash and investments - beginning	\$ (375)	\$ -	\$ -	\$ -	\$ -	\$ (28,664)	\$ (37,509)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	39,790	14,766	840	-	-	52,865	57,672	-	10,389
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	39,790	14,766	840	-	-	52,865	57,672	-	10,389
Disbursements:									
Current:									
Instruction	8,158	14,152	840	-	-	19,434	20,163	-	10,389
Support services	21,490	400	-	-	-	4,767	-	-	-
Noninstructional services	-	214	-	-	-	-	-	-	-
Facilities acquisition and construction	9,767	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	39,415	14,766	840	-	-	24,201	20,163	-	10,389
Excess (deficiency) of receipts over disbursements	375	-	-	-	-	28,664	37,509	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	375	-	-	-	-	28,664	37,509	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Clearing	Clearing Flexible Benefits	Prepaid Food	Clearing Insurance	Clearing Safe Hiring	Barr Security Global Merchant Fee	TBR Clearing Fund	Totals
Cash and investments - beginning	\$ 115,884	\$ 22,150	\$ 28,700	\$ 181,875	\$ 350	\$ (4,473)	\$ -	\$ 4,074,311
Receipts:								
Local sources	-	-	-	-	-	-	-	17,187,501
Intermediate sources	-	-	-	-	-	-	-	491,137
State sources	-	-	-	-	-	-	-	22,873,439
Federal sources	-	-	-	-	-	-	-	1,756,931
Temporary loans	-	-	-	-	-	-	-	2,736,852
Other	4,958,818	202,009	674,304	234,552	-	4,473	142,624	6,234,508
Total receipts	4,958,818	202,009	674,304	234,552	-	4,473	142,624	51,280,368
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	16,264,245
Support services	-	-	-	-	-	-	-	12,967,245
Noninstructional services	-	-	-	-	-	-	-	1,895,717
Facilities acquisition and construction	-	-	-	-	-	-	-	323,619
Debt services	-	-	-	-	-	-	-	11,105,270
Nonprogrammed charges	5,016,993	204,540	676,772	424,869	-	-	142,492	6,465,666
Total disbursements	5,016,993	204,540	676,772	424,869	-	-	142,492	49,021,762
Excess (deficiency) of receipts over disbursements	(58,175)	(2,531)	(2,468)	(190,317)	-	4,473	132	2,258,606
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	297,000
Sale of capital assets	-	-	-	-	-	-	-	45,043
Transfers in	-	-	-	-	-	-	-	39,112
Transfers out	-	-	-	-	-	-	-	(39,112)
Total other financing sources (uses)	-	-	-	-	-	-	-	342,043
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(58,175)	(2,531)	(2,468)	(190,317)	-	4,473	132	2,600,649
Cash and investments - ending	\$ 57,709	\$ 19,619	\$ 26,232	\$ (8,442)	\$ 350	\$ -	\$ 132	\$ 6,674,960

SCHOOL CITY OF HOBART
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2012

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund
Governmental activities:			
Capital leases:			
Hobart Building Corporation, Series 2006	\$ 60,075,000	\$ 5,985,000	Exempt Debt
Hobart Building Corporation, Series 2009	5,285,000	468,000	Debt Service
Notes and loans payable:			
School Improvement Note of 2011	300,000	302,219	Debt Service
Bonds payable:			
General obligation bonds:			
2004 Pension Bonds	965,000	348,500	Exempt Retirement/Severance Bond Debt Service
2009 School Improvement Bonds	<u>1,470,000</u>	<u>273,990</u>	Debt Service
Total governmental activities debt	<u>\$ 68,095,000</u>	<u>\$ 7,377,709</u>	

SCHOOL CITY OF HOBART
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2012

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 800,000
Buildings	94,656,828
Improvements other than buildings	7,470,558
Machinery and equipment	<u>13,769,762</u>
Total governmental activities, capital assets not being depreciated	<u><u>\$ 116,697,148</u></u>

SCHOOL CITY OF HOBART
AUDIT RESULTS AND COMMENTS

CAPITAL ASSETS

The School Corporation contracted with an outside vendor to prepare capital asset records. The vendor's report did not include any land values for property owned by the School Corporation. In a prior audit, the land purchased for the new high school was listed at \$800,000. The value of the land at the high school was added to the vendor's reported values at June 30, 2012. However, land values for the other five school buildings and associated properties were not available for reporting.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PREPAID FOOD RECONCILEMENT OF DETAIL TO CONTROL

The "Prepaid Food" Fund #8410 had a balance of \$26,232.09 at June 30, 2012. The detail of individual student accounts at June 30, 2012, was \$10,585.22 (students with positive and negative balances combined). Officials did not reconcile the detail of student balances to the control account "Prepaid Food" Fund #8410. A similar comment appeared in the prior audit report. In November 2012, officials identified the differences and are currently in the process of making the appropriate corrections.

Subsidiary ledger balances must reconcile to the control ledger fund balance. Every transaction should be posted to the control ledger and to the appropriate subsidiary ledger. Fund balances should reconcile between the control ledger and the subsidiary ledger. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

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 Indiana Public School Corporations, Chapter 9)

SCHOOL LUNCH LATE REPORTING

The Annual Financial Reports for fiscal years 2010-2011 and 2011-2012 for the School Lunch Program were remitted to the Indiana Department of Education 57 and 46 days late, respectively. A similar comment appeared in the prior audit report.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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

SCHOOL CITY OF HOBART
AUDIT RESULTS AND COMMENTS
(Continued)

RECEIPT ISSUANCE - HIGH SCHOOL

Receipts were written at the time the collections were deposited and not at the time they were received. A similar comment appeared in the prior audit report.

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

BANK RECONCILEMENT - MIDDLE SCHOOL

The bank reconciliation at June 30, 2012, had an adjustment of \$3,836.46 that was not posted to the records. This adjustment was composed of \$1,919.25 in NSF (non-sufficient fund) checks from students or parents that had been deposited and returned NSF by the bank. Some of these checks date back to June 10, 2011. Also, the bank charged a "bank analysis fee." For the year ended June 30, 2012, bank analysis fees totaled \$1,402.52. These were charged by the bank, but not posted to the fund records.

In the school year ending June 30, 2012, the School Corporation began accepting credit card payments for textbook rental. The credit card company assessed each school service fees for the applicable credit card transactions. These fees were withdrawn from the school's bank account. Credit card service fees totaling \$514.69, for the year ended June 30, 2012, were not posted to the fund records. A Credit Card Fee Fund was not established at the Middle School as instructed by the administration.

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

TEXTBOOK RENTAL "OTHER" FEES DUE TO CORPORATION - MIDDLE SCHOOL

The Middle School did not remit all supply and other fees to the School Corporation for the school year 2011-2012 by June 30, 2012. The amount of fees not remitted totaled \$42,735. These fees consist of consumables, fees for various classes, locker fees, materials, technology fees, and planners.

The School Corporation has a policy that requires Extra-Curricular Treasurers to remit these fees to the School Corporation by June 30th each year. A similar comment appeared in the prior audit report.

IC 20-26-4-1 concerning duties of the School Corporation Treasurer, states in part: "The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SCHOOL CITY OF HOBART
AUDIT RESULTS AND COMMENTS
(Continued)

RECEIPTS - MIDDLE SCHOOL

In May and June 2012, TBR-2 receipts (Official Receipt - Individual Textbook Rental List - 2011-2012) were not deposited timely and intact. TBR-2 receipts were deposited up to 45 days after receipt. The composition of TBR-2 receipts for the months of May and June 2012, did not agree to the SA-3 (Receipt, Extra-Curricular Account) used to summarize the collection for subsequent deposit for the month.

SA-3 receipts (Receipt, School Extra-Curricular Account) written at the Middle School in May and June, 2012 were deposited between four and 21 days after receipt. Receipts during this time period were not deposited intact. Form SA-8, Summary Collection Form, was not in use.

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

Summary Collection Form (SA-8) is pre-numbered and to be prepared in duplicate by the sponsor. The original is to the extra-curricular treasurer to be retained in numerical order and the duplicate is to be retained in numerical order by the sponsor.

A sponsor for the purpose of Form (SA-8) is the teacher or other person in charge of a classroom or function collecting money. Form SA-8 is to be used as a transmittal document each time fundraiser or field trip money is reported from the sponsor to the extra-curricular treasurer. Form SA-8 can be used at the discretion of school officials to account for other items. Space is provided to list check numbers and amounts as applicable. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

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

TICKET SALES REPORT, FORM SA-4, MIDDLE SCHOOL

Ticket Sales Reports, Form SA-4, were not presented for audit for all applicable activities. Such activities included school dances, music concerts, and athletic activities.

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be pre-numbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

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

SCHOOL CITY OF HOBART
AUDIT RESULTS AND COMMENTS
(Continued)

DISBURSEMENTS - MIDDLE SCHOOL

Of the disbursements tested, 27 percent did not have supporting documentation, such as receipts or invoices. These included donations to charitable organizations (\$1,685), reimbursements for food, tip, and supplies (\$1,547.27).

All claims, invoices, receipts, and accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

DISBURSEMENT DEFICIENCIES - JOAN MARTIN ELEMENTARY

We noted the following deficiencies relating to disbursements at Joan Martin Elementary in May 2012:

1. Of the disbursements tested, 53 percent of Form SA-1, Purchase Order Accounts Payable Voucher, had only the signature of the Extra-Curricular Treasurer. The authorizing signature of the principal or class sponsor was not obtained.
2. Of the disbursements tested, 13 percent of Form SA-1 did not have supporting documentation, such as an invoice, or receipts documenting what was purchased, totaling \$1,341.

The Purchase Order and Accounts Payable Vouchers (SA-1) are to be used when a purchase is made for delivery at a later date. The form is to be executed in full and signed by the person authorized to purchase for the particular activity concerned. Before the activity is permitted to use the Purchase Order and Accounts Payable Voucher (SA-1), the extra-curricular account treasurer must determine if there is sufficient balance in the fund of the activity to make payment upon receipt of the merchandise. The treasurer is required to certify as to the unobligated balance. The sponsor must also know that approval for the purchase has been given by the membership of the activity, as applicable, except in the case of athletic, school lunch, and textbook rental purchases.

The Purchase Order and Accounts Payable Voucher (SA-1) is to be pre-numbered in triplicate, printed in single sets and packaged for storage, or padded 60 to 120 sheets to a pad. An original and two carbon copies (1 set) are to be prepared for each transaction. These must either be prepared by the Treasurer of the extra-curricular account, or issued by pads to the activities, or by set as required for their immediate needs. When the form is prepared, the original is to be given to the vendor. The receiving copy (duplicate) and the file copy (triplicate) shall be retained by the treasurer of the extra-curricular account and filed in an obligation file by fund and serves notice that an expense has been incurred against that particular fund, and also enables the treasurer to see that no further purchase orders are issued against a particular fund if that fund balance is depleted.

When shipment is made, the vendor shall send an invoice to the school. Shipments received by an activity must be verified with the invoice and voucher (duplicate copy) as to quantity and price by the person who made the purchase and received the items. The person receiving the shipment indicates on the voucher

SCHOOL CITY OF HOBART
AUDIT RESULTS AND COMMENTS
(Continued)

that they have received and checked the shipment and the voucher is to be forwarded to the treasurer who makes the payment after signing the certification required on the Form SA-1. After payment is made, the check number and date the voucher is paid are entered on the duplicate copy before filing. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

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

FUNDRAISER FUND - JOAN MARTIN ELEMENTARY

Receipts from the fundraising activity of various groups, field trip fees, and donations were comingled in the Fundraiser Fund. Disbursements from this fund included school supplies, donations, field trip expenses, staff lunches, staff flowers, staff shirts, and the painting of a cafeteria mural.

Governmental units which conduct fund raising events should have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

The State Board of Accounts consistently has been of the audit position to not take an audit exception to a school extra-curricular account having a general fund if the fund consists of revenues received from functions (vending machines or sales of a similar nature, etc.) not generated by students for a specific class or organization (for which a fund should be established). Our audit position has been with the provision that the functions for which the expenditures are made benefit the student body as a whole (as opposed to a select group of students, school employees or administrators). Examples of appropriate expenditures in the past would be convocations, field trips which the entire student body has the opportunity to take during the course of the school year, etc. Our audit position has been based in part upon the substance of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

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 THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited School City of Hobart's (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. However the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1.

Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on the response.

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

STATE BOARD OF ACCOUNTS

December 3, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

SCHOOL CITY OF HOBART
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 158,842	\$ 165,677
National School Lunch Program	10.555		818,942	819,938
Summer Food Service Program for Children	10.559		<u>29,357</u>	<u>38,538</u>
Total for cluster			<u>1,007,141</u>	<u>1,024,153</u>
Pass-Through Indiana Department of Education				
Child Nutrition Discretionary Grants	10.579		<u>7,500</u>	<u>-</u>
Total for federal grantor agency			<u>1,014,641</u>	<u>1,024,153</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Education Agencies	84.010			
		09 - 4730	65,350	-
		10 - 4730	414,304	46,378
		11 - 4730	<u>-</u>	<u>337,236</u>
Total for program			<u>479,654</u>	<u>383,614</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389			
		10 - 4730	17,234	-
		11 - 4730	<u>120,838</u>	<u>24,202</u>
Total for program			<u>138,072</u>	<u>24,202</u>
Total for cluster			<u>617,726</u>	<u>407,816</u>
Special Education Cluster				
Special Education - Grants to States (IDEA, Part B)	84.027	A58-3-13DL-0076	<u>-</u>	<u>69,995</u>
Total for cluster			<u>-</u>	<u>69,995</u>
Pass-Through Lake Central School Corporation:				
Education Technology State Grants Cluster				
Educational Technology States Grants	84.318	A58-0-11T-051	<u>103,890</u>	<u>39,415</u>
Total for cluster			<u>103,890</u>	<u>39,415</u>

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

SCHOOL CITY OF HOBART
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Direct Grant				
Safe and Drug-Free Schools and Communities - National Programs	84.184	Q184D080016-09	44,001	55,171
Pass-Through Porter County Education Services:				
Career and Technical Education - Basic Grants to States	84.048	FY 11/12	-	3,150
Pass-Through Indiana Department of Education:				
Safe and Drug-Free Schools and Communities - State Grants	84.186	08 - 4730 09 - 4730 10 - 4730	2,717 3,188 2,195	- 2,774 -
Total for program			8,100	2,774
Tech-Prep Education	84.243	FY 11/12	-	41,271
State Grants for Innovative Programs	84.298	07 - 4730	-	50
English Language Acquisition Grants	84.365	08 - 4730 10 - 4730 11 - 4730	147 11,341 -	- 840 14,766
Total for program			11,488	15,606
Improving Teacher Quality State Grants	84.367	07 - 4730 08 - 4730 09 - 4730 10 - 4730	- 38,657 78,894 328	670 1,381 40,830 76,657
Total for program			117,879	119,538
Special Education - Technical Assistance on State Data Collection	84.373	A58-2-12DL-0202	-	69,931
Education Jobs Fund	84.410		703,336	10,389
Total for federal grantor agency			1,606,420	835,106
Total federal awards expended			<u>\$ 2,621,061</u>	<u>\$ 1,859,259</u>

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School City of Hobart (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011	2012
School Breakfast Program	10.553	\$ 15,303	\$ 16,088
National School Lunch Program	10.555	79,462	99,317

SCHOOL CITY OF HOBART
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	yes
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.410	Child Nutrition Cluster Title I, Part A Cluster Education Jobs Fund

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.

SCHOOL CITY OF HOBART
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-1, NATIONAL SCHOOL LUNCH PROGRAM, REPORTING

Federal Agency: U.S. Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Pass-Through: Indiana Department of Education
Award Numbers: FY 10/11, FY 11/12

The School Corporation did not have adequate internal control procedures to ensure the timeliness of reports filed with the State of Indiana. Indiana Department of Education requires the School Corporation to submit "Annual Financial Reports" by September 1st, after the end of the school year. The "Annual Financial Reports" with ending dates of June 30, 2011, and June 30, 2012, were filed 57 and 46 days late, respectively. The Indiana Department of Education requires these reports, so they may collate the information and comply with federal requirements.

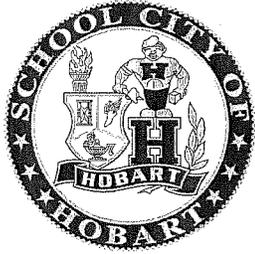
The State Agency Sponsor Agreement for Child Nutrition Program states in part: "Program Administration. The Sponsor agrees to comply with all applicable laws, regulations, guidelines, and amendments thereto."

The Indiana Department of Education Sponsor Training Manual for School Nutrition Programs, Version 1.0, Chapter 9, states in part:

"At the end of each program year, each sponsor must submit an annual financial report that summarizes its financial participation in the School Nutrition Program. This report requires your organization to provide total amounts for income and expenses, and requires you to provide account and depreciation information."

Failure to comply with federal and state reporting requirements could cause the School Corporation to be ineligible to receive future federal awards.

We recommended that the School Corporation design and implement internal control procedures that will ensure the timely preparation of required reports.



SCHOOL CITY OF HOBART

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"Building College and Career Ready Brickies"

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Superintendent

Ted Zembala
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Director of
Curriculum & Instruction

Sara Gutierrez
Director of
Curriculum & Instruction

Russell Mellon
Director of Information
Technology Services

Christopher King
Director of Technology

Felix Perry
Director of
Support Services

Vicky Johnson
Transportation Coordinator

Nancy Smith
Food Service Director

Larry Juzwicky
Director of School Safety

Pam Cunningham
Head Nurse

Barbra Stooksbury
School Attorney

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2010-1, Allowable Costs for State Fiscal Stabilization Fund Center.

Federal Agency: U.S. Department of Education

Federal Program: ARRA – State Fiscal Stabilization Fund (SFSF)-Education State
Grants, Recovery Act

CFDA Number: 84.394

Award Number: 10.4730

Pass-Through Entity: Indiana Department of Education

Auditee Contact Person: Ted J. Zembala

Title of Contact Person: Business Manager

Phone Number: (219) 945-0250 ext 8914

Status of action taken to correct finding:

The non-allowable expenditures per the federal compliance requirements for the State Fiscal Stabilization Fund were retracted on December 30, 2010 and charged to appropriate accounts within the school corporation's general fund (see attached).

Signed

Date November 21, 2012

School City of Hobart - Stabilization Fund Adjustment

Fund	Account	Object	Location	Amount	Receipt	Check No.	Effective Date	Trans Date
7950	23290	730	0010	-20,620.00		089667	12/30/2010	10/16/2009
7950	49020	492	0006	-5,395.00		089041	12/30/2010	8/21/2009
7950	23290	440	0010	-569.96		091693	12/30/2010	5/21/2010
7950	23290	440	0010	-569.96		092099	12/30/2010	6/18/2010
7950	23290	440	0010	-569.96		088330	12/30/2010	6/8/2009
7950	23290	440	0010	-569.96		088962	12/30/2010	8/6/2009
7950	23290	440	0010	-569.96		089494	12/30/2010	10/7/2009
7950	23290	440	0010	-569.96		088794	12/30/2010	7/15/2009
0100	23290	440	0010	569.96		091693	12/30/2010	5/21/2010
0100	23290	440	0010	569.96		092099	12/30/2010	6/18/2010
0100	23290	440	0010	569.96		088330	12/30/2010	6/8/2009
0100	23290	440	0010	569.96		088962	12/30/2010	8/6/2009
0100	23290	440	0010	569.96		089494	12/30/2010	10/7/2009
0100	23290	440	0010	569.96		088794	12/30/2010	7/15/2009
0100	23290	730	0010	20,620.00		089667	12/30/2010	10/16/2009
0100	49020	492	0006	5,395.00		089041	12/30/2010	8/21/2009

School City of Hobart
Department of Food Services
200 South Hobart Road
Hobart, IN 46342
219-947-2413

Nancy Smith
Director of Food Services

Denise Sempf
Secretary of Food Services

CORRECTIVE ACTION PLAN

Section III – Federal Awards Findings and Questioned Costs

FINDING 2012-1, NATIONAL SCHOOL LUNCH PROGRAM, REPORTING

Federal Agency: U.S. Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Pass-Through: Indiana Department of Education
Award Numbers: FY 10/11, FY 11/12
Auditee Contact Person: Nancy Smith
Title of Contact Person: Director of Food Services
Phone Number: 219-947-2413 x 8955

Briefly describe action to be taken to correct finding.

Department of Food Services has implemented procedures for recording financial activities over the past two years. We feel that we have successfully implemented steps to post revenue and disbursements consistently and can now generate reports to retrieve necessary information for completing the Annual Financial report in a timelier manner.

Signed *Nancy Smith*
Date *12-3-2012*

SCHOOL CITY OF HOBART
EXIT CONFERENCE

The contents of this report were discussed on December 3, 2012, with Dr. Peggy Buffington, Superintendent of Schools; Ted Zembala, Business Manager; Dawn Powers, Treasurer; and Terry Butler, President of the School Board. The Official Response has been made a part of this report and may be found on page 53.



SCHOOL CITY OF HOBART

32 East 7th Street, Hobart, IN 46342

Phone: 219-942-8885 Fax: 219-942-0081

<http://www.hobart.k12.in.us>

“Building College and Career Ready Brickies”

ADMINISTRATION

Dr. Peggy Buffington, Ph.D.
Superintendent

Ted Zembala
Business Manager

Deborah Matthys
Director of
Curriculum & Instruction

Sara Gutierrez
Director of
Curriculum & Instruction

Russell Mellon
Director of Information
Technology Services

Christopher King
Director of Technology

Felix Perry
Director of
Support Services

Vicky Johnson
Transportation Coordinator

Nancy Smith
Food Service Director

Larry Juzwicki
Director of School Safety

Pam Cunningham
Head Nurse

Barbra Stooksbury
School Attorney

BOARD OF SCHOOL TRUSTEES

Terry D. Butler
President

Karen J. Robbins
Vice President

Michael J. Rogers
Secretary

Dave Bigler
Member

Rikki A. Guthrie
Member

Donald H. Rogers
Member

Stuart B. Schultz
Member

William Longer
Board Attorney

OFFICIAL RESPONSE

For Audit Period July 1 2010 to June 30, 2012

Date of Exit Conference: December 3, 2012

December 14, 2012

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

CAPITAL ASSETS

RESPONSE:

The School City of Hobart uses an outside vendor for reappraisal of fixed assets. The reappraisal is done every two years. The vendor has been contacted regarding the necessity of including land values in the reappraisal. It has been requested of the vendor to perform the land valuation during this next audit period.