

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF HOBART
LAKE COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
07/01/2014

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10-11
Notes to Financial Statement	12-18
Supplementary Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	20-31
Schedule of Payables and Receivables	32
Schedule of Leases and Debt	33
Schedule of Capital Assets.....	34
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.....	36-37
Schedule of Expenditures of Federal Awards and Accompanying Note:	
Schedule of Expenditures of Federal Awards.....	40
Note to Schedule of Expenditures of Federal Awards	41
Schedule of Findings and Questioned Costs	42-44
Auditee Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	46
Corrective Action Plan	47-48
Other Report	49

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Deborah Longer	01-01-12 to 12-31-15
Mayor	Brian Snedecor	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Brian Snedecor	01-01-12 to 12-31-15
President Pro Tempore of the Common Council	Jerry Herzog	01-01-13 to 12-31-14



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Hobart (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 12, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Accompanying Information

Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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


Paul D. Joyce, CPA
State Examiner

May 12, 2014



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON 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 CITY OF HOBART, LAKE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Hobart (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated May 12, 2014, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the City'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001.

City of Hobart's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

May 12, 2014

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF HOBART
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 88,848	\$ 23,004,951	\$ 22,410,780	\$ 683,019
Motor Vehicle Highway	1,022,658	965,708	1,729,170	259,196
Local Road And Street	(358,824)	324,633	-	(34,191)
Law Enforcement Continuing Ed	39,958	57,333	53,620	43,671
Riverboat	450,002	425,598	312,888	562,712
Parks And Recreation	73,473	603,059	607,525	69,007
Cumulative Capital Improvement	(101,388)	78,009	-	(23,379)
Cumulative Capital Development	732,879	540,794	975,847	297,826
Police Pension	711,694	508,604	517,481	702,817
Fire Pension	377,017	362,057	353,587	385,487
HMS Police Court Bond B Debt Svc	53,753	122,075	129,185	46,643
Redev RZ TIF Bond A & B Debt Service	213,900	430,452	427,884	216,468
Maria Reiner Senior Center	81,917	146,254	80,188	147,983
Domestic Highway Enforcement	(4,591)	26,609	25,152	(3,134)
City Donations	-	700	383	317
Health Insurance Bank Account	117,146	2,170,216	2,050,438	236,924
City Court Bank Account	320,301	705,979	709,912	316,368
Fire Donation	3,840	4,685	5,432	3,093
Park Donation	63	3,150	745	2,468
Trust	40,974	-	4,950	36,024
Dare	3,577	6,481	5,597	4,461
Police Donation	4,647	22,050	22,776	3,921
County Share Court Costs	-	338,811	338,811	-
Court Records Perpetuation	37,144	5,540	1,136	41,548
Innkeeper's Tax	8,872	4,725	3,249	10,348
Police Seizure	36,251	91,256	80,810	46,697
Drug Task Force (Hidta)	8,809	13,780	15,572	7,017
Drug Free Communities	-	20,600	20,600	-
County Juvenile Night Light	1,287	-	-	1,287
Park Improvement	15,626	5,138	2,953	17,811
Park & Rec Non-Reverting	2,235	-	-	2,235
Arbor Lane Park Donation	2,150	-	-	2,150
Enhancement & Improvement	124,921	166,782	24,546	267,157
Pennsy Depot Donation	12,611	-	-	12,611
Lakefront Festival	11,392	18,778	15,648	14,522
Barrington Ridge Park Donation	85,356	-	4,962	80,394
Pleak Fund	35,079	-	881	34,198
Water Lines	11,595	-	-	11,595
DUI Overtime Grant	(1,867)	27,361	21,966	3,528
Court Public Defender	2,201	5,787	7,000	988
Adult Probation	137,670	34,936	24,213	148,393
Park District Program	232	37,670	43,979	(6,077)

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

CITY OF HOBART
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
Hobart Entryway Triangle	6,689	-	58	6,631
Fire Dept EMS Education	1,375	-	-	1,375
Cops To School	(10,075)	-	-	(10,075)
Operation Pull Over	17,753	21,552	25,754	13,551
Tax Abatement	21,294	6,765	4,056	24,003
Scout Cabin	720	-	149	571
Redevelopment	1,726,838	453,159	371,105	1,808,892
Special Events	5,088	42,703	40,562	7,229
Public Works Donation	312	950	601	661
Assistance To Firefighters Grant	5,619	-	-	5,619
2008 Recycling Grants	8,845	-	-	8,845
Employee Health Benefits	68,094	387,444	246,694	208,844
Redevelopment 61St Avenue	2,882,153	1,442,458	746,623	3,577,988
Reimburse Professional Fees	15,011	106,893	36,429	85,475
Park Bond 6 Project Debt Service	363,201	783,101	774,134	372,168
2006 GO Bond Paving Debt Service	180,102	377,411	378,719	178,794
2007 61St Avenue Debt Service	90,178	229,706	205,806	114,078
HMS Police Court Bond A Debt Svc	113,195	239,654	253,993	98,856
61St Ave Series B Debt Service	24,977	60,354	55,454	29,877
Park Bond Proceeds 6 Projects	790,590	-	455,722	334,868
61St Avenue Reserve Fund	930,000	-	-	930,000
Police Court Complex Bond Proceeds	24,451	8,724	33,176	(1)
Redev Rz TIF Bond Proceeds	2,717,391	12,950	262,694	2,467,647
Fire Pension 1977	-	140,238	140,238	-
Police Pension 1977	-	167,800	167,733	67
Payroll	1,859	11,745,257	11,697,473	49,643
Water Escrow	37,555	322,867	319,061	41,361
Nipsco Escrow	310	967,583	888,474	79,419
Cable Escrow	100,000	-	100,000	-
Civilian PERF	-	134,937	134,715	222
Investments	35,693	2,571	-	38,264
HSD Stormwater	1,510,725	2,080,918	431,689	3,159,954
SRF Construction HSD	-	3,762,326	3,762,326	-
SRF Bond and Interest HSD	47,101	213,700	89,463	171,338
SRF Debt Svc. Reserve HSD	11,793	47,172	-	58,965
Wastewater Operating	287,834	4,583,428	4,078,586	792,676
Wastewater Improvement	6,127,050	1,960,456	1,384,018	6,703,488
Wastewater Revenue	427,681	6,277,489	6,574,191	130,979
Totals	<u>\$ 22,974,810</u>	<u>\$ 67,861,127</u>	<u>\$ 64,689,562</u>	<u>\$ 26,146,375</u>

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

CITY OF HOBART
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying financial statement presents the financial information for the City.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

C. Cash and Investments

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

D. Receipts

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

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF HOBART
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

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

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

CITY OF HOBART
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. 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 City. 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 City. 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 City 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 City 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 City 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.

CITY OF HOBART
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

State statutes authorize the City 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.

Note 5. Risk Management

The City 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 City 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 City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of 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 Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

CITY OF HOBART
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

CITY OF HOBART
NOTES TO FINANCIAL STATEMENT
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS 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 Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. For Local Road and Street, Cumulative Capital Improvement, Domestic Highway Enforcement, and Cops to School funds, these funds have been overdrawn continuously for four or more years. For the Park District Program the expenditures exceeded the receipts.

Note 8. Subsequent Events

Creation of Hobart Redevelopment Authority and Bond Issuance

The Hobart Common Council in early spring of 2014 is in the process of creating a Hobart Redevelopment Authority (RDA) as a separate body for the purposes of financing, constructing, and leasing local public improvements to the Redevelopment Commission (RDC) of the City. A project to install sanitary sewers in a portion of the 61st Avenue right-of-way in conjunction with Phase III of the 61st Avenue Improvement Project is being undertaken and will be financed by the issuance of a bond by the RDA which will lease the sewer project to the RDC, with approval of the Council. The RDC will then make lease payments to the RDA from Tax Increment Financing Revenues.

CITY OF HOBART
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Other Postemployment Benefits*

The City provides to eligible retirees and their spouses the following benefits: medical and hospitalization insurance. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is 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 City. It is presented as intended by the City.

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Riverboat	Parks And Recreation	Cumulative Capital Improvement
Cash and investments - beginning	\$ 88,848	\$ 1,022,658	\$ (358,824)	\$ 39,958	\$ 450,002	\$ 73,473	\$ (101,388)
Receipts:							
Taxes	12,183,230	86,831	-	-	-	485,234	-
Licenses and permits	799,686	-	-	18,700	-	-	-
Intergovernmental	980,682	876,317	324,633	-	344,696	28,521	78,009
Charges for services	841,839	1,491	-	31,705	80,902	65,654	-
Fines and forfeits	124,496	-	-	6,928	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>8,075,018</u>	<u>1,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,650</u>	<u>-</u>
Total receipts	<u>23,004,951</u>	<u>965,708</u>	<u>324,633</u>	<u>57,333</u>	<u>425,598</u>	<u>603,059</u>	<u>78,009</u>
Disbursements:							
Personal services	11,937,273	1,092,265	-	-	-	416,117	-
Supplies	755,364	401,272	-	11,000	-	49,807	-
Other services and charges	2,708,407	87,026	-	37,560	-	86,193	-
Debt service - principal and interest	6,464,123	-	-	-	-	-	-
Capital outlay	380,967	148,561	-	5,000	312,888	34,173	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	<u>164,646</u>	<u>46</u>	<u>-</u>	<u>60</u>	<u>-</u>	<u>21,235</u>	<u>-</u>
Total disbursements	<u>22,410,780</u>	<u>1,729,170</u>	<u>-</u>	<u>53,620</u>	<u>312,888</u>	<u>607,525</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>594,171</u>	<u>(763,462)</u>	<u>324,633</u>	<u>3,713</u>	<u>112,710</u>	<u>(4,466)</u>	<u>78,009</u>
Cash and investments - ending	<u>\$ 683,019</u>	<u>\$ 259,196</u>	<u>\$ (34,191)</u>	<u>\$ 43,671</u>	<u>\$ 562,712</u>	<u>\$ 69,007</u>	<u>\$ (23,379)</u>

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Cumulative Capital Development	Police Pension	Fire Pension	HMS Police Court Bond B Debt Svc	Redev RZ TIF Bond A & B Debt Service	Maria Reiner Senior Center	Domestic Highway Enforcement
Cash and investments - beginning	\$ 732,879	\$ 711,694	\$ 377,017	\$ 53,753	\$ 213,900	\$ 81,917	\$ (4,591)
Receipts:							
Taxes	510,772	-	-	114,590	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	30,022	-	-	6,735	-	-	-
Charges for services	-	-	-	-	-	59,801	26,609
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	508,604	362,057	750	430,452	86,453	-
Total receipts	540,794	508,604	362,057	122,075	430,452	146,254	26,609
Disbursements:							
Personal services	-	1,427	1,427	-	-	37,858	25,152
Supplies	-	-	-	-	-	13,682	-
Other services and charges	-	377	1,340	500	1,300	15,908	-
Debt service - principal and interest	-	-	-	128,685	426,584	-	-
Capital outlay	675,847	-	-	-	-	2,740	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	300,000	515,677	350,820	-	-	10,000	-
Total disbursements	975,847	517,481	353,587	129,185	427,884	80,188	25,152
Excess (deficiency) of receipts over disbursements	(435,053)	(8,877)	8,470	(7,110)	2,568	66,066	1,457
Cash and investments - ending	\$ 297,826	\$ 702,817	\$ 385,487	\$ 46,643	\$ 216,468	\$ 147,983	\$ (3,134)

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	City Donations	Health Insurance Bank Account	City Court Bank Account	Fire Donation	Park Donation	Trust	Dare
Cash and investments - beginning	\$ -	\$ 117,146	\$ 320,301	\$ 3,840	\$ 63	\$ 40,974	\$ 3,577
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	1,100	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	700	2,170,216	705,979	4,685	2,050	-	6,481
Total receipts	<u>700</u>	<u>2,170,216</u>	<u>705,979</u>	<u>4,685</u>	<u>3,150</u>	<u>-</u>	<u>6,481</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	383	-	-	5,432	745	4,700	3,817
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	250	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	2,050,438	709,912	-	-	-	1,780
Total disbursements	<u>383</u>	<u>2,050,438</u>	<u>709,912</u>	<u>5,432</u>	<u>745</u>	<u>4,950</u>	<u>5,597</u>
Excess (deficiency) of receipts over disbursements	<u>317</u>	<u>119,778</u>	<u>(3,933)</u>	<u>(747)</u>	<u>2,405</u>	<u>(4,950)</u>	<u>884</u>
Cash and investments - ending	<u>\$ 317</u>	<u>\$ 236,924</u>	<u>\$ 316,368</u>	<u>\$ 3,093</u>	<u>\$ 2,468</u>	<u>\$ 36,024</u>	<u>\$ 4,461</u>

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Police Donation	County Share Court Costs	Court Records Perpetuation	Innkeeper's Tax	Police Seizure	Drug Task Force (Hidta)	Drug Free Communities
Cash and investments - beginning	\$ 4,647	\$ -	\$ 37,144	\$ 8,872	\$ 36,251	\$ 8,809	\$ -
Receipts:							
Taxes	-	-	-	4,725	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	13,780	-
Fines and forfeits	-	338,811	5,540	-	-	-	20,600
Utility fees	-	-	-	-	-	-	-
Other receipts	22,050	-	-	-	91,256	-	-
Total receipts	<u>22,050</u>	<u>338,811</u>	<u>5,540</u>	<u>4,725</u>	<u>91,256</u>	<u>13,780</u>	<u>20,600</u>
Disbursements:							
Personal services	-	-	-	-	-	15,367	-
Supplies	-	-	-	-	-	205	-
Other services and charges	22,776	-	1,136	3,249	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	80,810	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	338,811	-	-	-	-	20,600
Total disbursements	<u>22,776</u>	<u>338,811</u>	<u>1,136</u>	<u>3,249</u>	<u>80,810</u>	<u>15,572</u>	<u>20,600</u>
Excess (deficiency) of receipts over disbursements	<u>(726)</u>	<u>-</u>	<u>4,404</u>	<u>1,476</u>	<u>10,446</u>	<u>(1,792)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,921</u>	<u>\$ -</u>	<u>\$ 41,548</u>	<u>\$ 10,348</u>	<u>\$ 46,697</u>	<u>\$ 7,017</u>	<u>\$ -</u>

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	County Juvenile Night Light	Park Improvement	Park & Rec Non-Reverting	Arbor Lane Park Donation	Enhancement & Improvement	Penny Depot Donation	Lakefront Festival
Cash and investments - beginning	\$ 1,287	\$ 15,626	\$ 2,235	\$ 2,150	\$ 124,921	\$ 12,611	\$ 11,392
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	1,200	-	-	166,782	-	13,278
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	3,938	-	-	-	-	5,500
Total receipts	-	5,138	-	-	166,782	-	18,778
Disbursements:							
Personal services	-	-	-	-	-	-	4,295
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	11,303
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	2,953	-	-	24,546	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	50
Total disbursements	-	2,953	-	-	24,546	-	15,648
Excess (deficiency) of receipts over disbursements	-	2,185	-	-	142,236	-	3,130
Cash and investments - ending	\$ 1,287	\$ 17,811	\$ 2,235	\$ 2,150	\$ 267,157	\$ 12,611	\$ 14,522

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Barrington Ridge Park Donation	Pleak Fund	Water Lines	DUI Overtime Grant	Court Public Defender	Adult Probation	Park District Program
Cash and investments - beginning	\$ 85,356	\$ 35,079	\$ 11,595	\$ (1,867)	\$ 2,201	\$ 137,670	\$ 232
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	27,361	-	-	28,980
Fines and forfeits	-	-	-	-	5,787	34,936	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	8,690
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,361</u>	<u>5,787</u>	<u>34,936</u>	<u>37,670</u>
Disbursements:							
Personal services	-	-	-	21,966	-	23,846	-
Supplies	-	-	-	-	-	300	-
Other services and charges	4,962	-	-	-	7,000	-	43,979
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	881	-	-	-	67	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>4,962</u>	<u>881</u>	<u>-</u>	<u>21,966</u>	<u>7,000</u>	<u>24,213</u>	<u>43,979</u>
Excess (deficiency) of receipts over disbursements	<u>(4,962)</u>	<u>(881)</u>	<u>-</u>	<u>5,395</u>	<u>(1,213)</u>	<u>10,723</u>	<u>(6,309)</u>
Cash and investments - ending	<u>\$ 80,394</u>	<u>\$ 34,198</u>	<u>\$ 11,595</u>	<u>\$ 3,528</u>	<u>\$ 988</u>	<u>\$ 148,393</u>	<u>\$ (6,077)</u>

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Hobart Entryway Triangle	Fire Dept EMS Education	Cops To School	Operation Pull Over	Tax Abatement	Scout Cabin	Redevelopment
Cash and investments - beginning	\$ 6,689	\$ 1,375	\$ (10,075)	\$ 17,753	\$ 21,294	\$ 720	\$ 1,726,838
Receipts:							
Taxes	-	-	-	-	-	-	431,692
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	21,552	6,705	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	60	-	21,467
Total receipts	-	-	-	21,552	6,765	-	453,159
Disbursements:							
Personal services	-	-	-	25,754	-	-	15,556
Supplies	58	-	-	-	-	-	76
Other services and charges	-	-	-	-	4,056	149	145,293
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	210,180
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	58	-	-	25,754	4,056	149	371,105
Excess (deficiency) of receipts over disbursements	(58)	-	-	(4,202)	2,709	(149)	82,054
Cash and investments - ending	\$ 6,631	\$ 1,375	\$ (10,075)	\$ 13,551	\$ 24,003	\$ 571	\$ 1,808,892

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Special Events	Public Works Donation	Assistance To Firefighters Grant	2008 Recycling Grants	Employee Health Benefits	Redevelopment 61St Avenue	Reimburse Professional Fees
Cash and investments - beginning	\$ 5,088	\$ 312	\$ 5,619	\$ 8,845	\$ 68,094	\$ 2,882,153	\$ 15,011
Receipts:							
Taxes	-	-	-	-	-	1,331,322	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	42,703	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	950	-	-	387,444	111,136	106,893
Total receipts	<u>42,703</u>	<u>950</u>	<u>-</u>	<u>-</u>	<u>387,444</u>	<u>1,442,458</u>	<u>106,893</u>
Disbursements:							
Personal services	-	-	-	-	246,694	15,556	-
Supplies	-	-	-	-	-	46	-
Other services and charges	40,562	601	-	-	-	74,279	36,429
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	656,742	-
Total disbursements	<u>40,562</u>	<u>601</u>	<u>-</u>	<u>-</u>	<u>246,694</u>	<u>746,623</u>	<u>36,429</u>
Excess (deficiency) of receipts over disbursements	<u>2,141</u>	<u>349</u>	<u>-</u>	<u>-</u>	<u>140,750</u>	<u>695,835</u>	<u>70,464</u>
Cash and investments - ending	<u>\$ 7,229</u>	<u>\$ 661</u>	<u>\$ 5,619</u>	<u>\$ 8,845</u>	<u>\$ 208,844</u>	<u>\$ 3,577,988</u>	<u>\$ 85,475</u>

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Park Bond 6 Project Debt Service	2006 GO Bond Paving Debt Service	2007 61ST Avenue Debt Service	HMS Police Court Bond A Debt Svc	61St Ave Series B Debt Service	Park Bond Proceeds 6 Projects	61St Avenue Reserve Fund
Cash and investments - beginning	\$ 363,201	\$ 180,102	\$ 90,178	\$ 113,195	\$ 24,977	\$ 790,590	\$ 930,000
Receipts:							
Taxes	741,071	357,146	-	226,350	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	42,030	20,265	-	13,304	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	229,706	-	60,354	-	-
Total receipts	<u>783,101</u>	<u>377,411</u>	<u>229,706</u>	<u>239,654</u>	<u>60,354</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	500	-	750	1,250	500	2,825	-
Debt service - principal and interest	773,634	378,719	205,056	252,743	54,954	-	-
Capital outlay	-	-	-	-	-	452,897	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>774,134</u>	<u>378,719</u>	<u>205,806</u>	<u>253,993</u>	<u>55,454</u>	<u>455,722</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>8,967</u>	<u>(1,308)</u>	<u>23,900</u>	<u>(14,339)</u>	<u>4,900</u>	<u>(455,722)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 372,168</u>	<u>\$ 178,794</u>	<u>\$ 114,078</u>	<u>\$ 98,856</u>	<u>\$ 29,877</u>	<u>\$ 334,868</u>	<u>\$ 930,000</u>

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Police Court Complex Bond Proceeds	Redev Rz TIF Bond Proceeds	Fire Pension 1977	Police Pension 1977	Payroll	Water Escrow
Cash and investments - beginning	\$ 24,451	\$ 2,717,391	\$ -	\$ -	\$ 1,859	\$ 37,555
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	12,950	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	8,724	-	140,238	167,800	11,745,257	322,867
Total receipts	<u>8,724</u>	<u>12,950</u>	<u>140,238</u>	<u>167,800</u>	<u>11,745,257</u>	<u>322,867</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	4,900	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	33,176	257,794	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	140,238	167,733	11,697,473	319,061
Total disbursements	<u>33,176</u>	<u>262,694</u>	<u>140,238</u>	<u>167,733</u>	<u>11,697,473</u>	<u>319,061</u>
Excess (deficiency) of receipts over disbursements	<u>(24,452)</u>	<u>(249,744)</u>	<u>-</u>	<u>67</u>	<u>47,784</u>	<u>3,806</u>
Cash and investments - ending	<u>\$ (1)</u>	<u>\$ 2,467,647</u>	<u>\$ -</u>	<u>\$ 67</u>	<u>\$ 49,643</u>	<u>\$ 41,361</u>

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Nipsco Escrow	Cable Escrow	Civilian PERF	Investments	HSD Stormwater	SRF Construction HSD
Cash and investments - beginning	\$ 310	\$ 100,000	\$ -	\$ 35,693	\$ 1,510,725	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	1,779,486	-
Other receipts	967,583	-	134,937	2,571	301,432	3,762,326
Total receipts	967,583	-	134,937	2,571	2,080,918	3,762,326
Disbursements:						
Personal services	-	-	-	-	4,607	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	940	3,388,168
Utility operating expenses	-	-	-	-	226,142	374,158
Other disbursements	888,474	100,000	134,715	-	200,000	-
Total disbursements	888,474	100,000	134,715	-	431,689	3,762,326
Excess (deficiency) of receipts over disbursements	79,109	(100,000)	222	2,571	1,649,229	-
Cash and investments - ending	\$ 79,419	\$ -	\$ 222	\$ 38,264	\$ 3,159,954	\$ -

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	SRF Bond and Interest HSD	SRF Debt Svc. Reserve HSD	Wastewater Operating	Wastewater Improvement	Wastewater Revenue	Totals
Cash and investments - beginning	\$ 47,101	\$ 11,793	\$ 287,834	\$ 6,127,050	\$ 427,681	\$ 22,974,810
Receipts:						
Taxes	-	-	-	-	-	16,472,963
Licenses and permits	-	-	-	-	-	818,386
Intergovernmental	-	-	-	-	-	2,745,214
Charges for services	-	-	-	-	-	1,444,392
Fines and forfeits	-	-	-	-	-	537,098
Utility fees	-	-	4,000	-	6,277,489	8,060,975
Other receipts	213,700	47,172	4,579,428	1,960,456	-	37,782,099
Total receipts	213,700	47,172	4,583,428	1,960,456	6,277,489	67,861,127
Disbursements:						
Personal services	-	-	1,030,063	-	-	14,915,223
Supplies	-	-	-	-	-	1,231,810
Other services and charges	-	-	-	-	-	3,360,187
Debt service - principal and interest	89,463	-	-	-	-	8,773,961
Capital outlay	-	-	14,332	460,796	-	6,487,966
Utility operating expenses	-	-	2,718,675	-	-	3,318,975
Other disbursements	-	-	315,516	923,222	6,574,191	26,601,440
Total disbursements	89,463	-	4,078,586	1,384,018	6,574,191	64,689,562
Excess (deficiency) of receipts over disbursements	124,237	47,172	504,842	576,438	(296,702)	3,171,565
Cash and investments - ending	<u>\$ 171,338</u>	<u>\$ 58,965</u>	<u>\$ 792,676</u>	<u>\$ 6,703,488</u>	<u>\$ 130,979</u>	<u>\$ 26,146,375</u>

CITY OF HOBART
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2013

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ -	\$ 730,364
Governmental activities	496,207	471,888
Totals	\$ 496,207	\$ 1,202,252

CITY OF HOBART
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
TCF Equipment Finance	Garbage Packer	\$ 31,768	10-21-11	10-21-15
TCF Equipment Finance	Garbage Truck	80,487	08-23-13	08-23-15
U S Bank	Police/Fire Cars (11)	66,444	03-01-13	03-01-16
U S Bank	Squad Cars (10)	57,573	12-02-11	12-02-14
U S Bank	Garbage Trucks (2)	62,429	12-01-12	12-01-16
U S Bank	Fire Truck	48,591	12-21-12	12-21-15
U S Bank	Ambulances (2)	69,529	01-25-12	01-25-16
Univest Capital	Phone System/PCC	9,361	03-15-11	02-15-16
Wells Fargo Bank	Brush Chipper	<u>9,122</u>	02-17-10	02-17-14
Total of annual lease payments		<u>\$ 435,304</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2006 GO Bond: Street Improvements (Fund 323)	\$ 365,000	\$ 375,313
General obligation bonds	2007 Redevelopment Bond: 61st Ave. Series A (Fund 324)	3,345,000	242,356
General obligation bonds	2009 Redevelopment Bond: 61st Ave. Series B (Fund 313)	1,095,000	64,654
General obligation bonds	2009 Police Court Reconstruction Bond A (Fund 314)	5,185,000	281,700
General obligation bonds	2005 Park District Bond (Fund 322)	2,540,000	774,185
General obligation bonds	2010 Police Court Reconstruction Bond B (Fund 315)	1,875,000	108,075
General obligation bonds	2010 Redevelopment Bond: 61st Ave TIF Series A (Fund 325)	1,265,000	166,210
General obligation bonds	2010 Redevelopment Bond: 61st Ave RZ Series B (Fund 325)	<u>2,960,000</u>	<u>209,892</u>
Total governmental activities		<u>18,630,000</u>	<u>2,222,385</u>
Wastewater:			
General obligation bonds	Municipal Sewage Works to Gary Sanitary District (GSD)	523,120	195,728
Revenue bonds	2012 HSD Sanitary Sewage Revenue Bonds (SRF)	<u>4,049,000</u>	<u>235,083</u>
Total Wastewater		<u>4,572,120</u>	<u>430,811</u>
Totals		<u>\$ 23,202,120</u>	<u>\$ 2,653,196</u>

CITY OF HOBART
SCHEDULE OF CAPITAL ASSETS
December 31, 2013

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.

	Ending Balance
Governmental activities:	
Land	\$ 1,590,069
Infrastructure	95,069,827
Buildings	30,870,712
Improvements other than buildings	2,547,793
Machinery, equipment, and vehicles	10,032,124
Construction in progress	1,138,747
Books and other	89,356
Total governmental activities	141,338,628
Storm Water:	
Infrastructure	8,484,456
Wastewater:	
Land	1,028,977
Infrastructure	18,084,101
Buildings	15,662,269
Improvements other than buildings	444,709
Machinery, equipment, and vehicles	2,014,970
Construction in progress	3,418,015
Total Wastewater	40,653,041
Total capital assets	\$ 190,476,125

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Hobart's (City) 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 its major federal program for the year ended December 31, 2013. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

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

Report on Internal Control Over Compliance


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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2013-002 to be material weaknesses.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

May 12, 2014

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the City. The schedule and note are presented as intended by the City.

CITY OF HOBART
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Commerce</u>				
Coastal Zone Management Administration Awards Hobart Marsh Plan	Indiana Department of Natural Resources	11.419	EDS: E16-12-JO113	\$ <u>6,995</u>
<u>Department of Justice</u>				
Bulletproof Vest Partnership Program Bullet Proof Vests	Direct Grant	16.607	OMB1121-0235	<u>3,300</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction CMAQ for LPA Equipment Bike Racks	Indiana Department of Transportation	20.205	Des. # 1005636	<u>985</u>
CMAQ Bike Lockers			Des. #1172401	<u>21,467</u>
CMAQ Alternative Fuel E-85 Police Fuel			Des. #1173714	<u>55,822</u>
61st Ave.			STP-N606(001)	<u>28,197</u>
Total - Department of Transportation				<u>106,471</u>
<u>Environmental Protection Agency</u>				
Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority	66.458	WW12451401	<u>1,259,935</u>
Total federal awards expended				<u>\$ 1,376,701</u>

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

CITY OF HOBART
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

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

CITY OF HOBART
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

FINDING 2013-001 - INTERNAL CONTROLS AND COMPLIANCE OVER REPORTING FEDERAL EXPENDITURES ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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

During the audit of the SEFA, we noted the following material omission: the City received and spent \$1,259,935 in Capitalization Grants for Clean Water State Revolving Fund that was not reported on the SEFA. This amount represents 92 percent of the total federal expenditures for 2013.

An audit adjustment was proposed, accepted by the City, and made to the SEFA presented in this report. This adjustment resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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.

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

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states in part:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available."

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-002 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS

Federal Agency: Environmental Protection Agency
Federal Program: Capitalization Grants for Clean Water State Revolving Funds
CFDA Number: 66.458
Federal Award Number: WW12451401
Pass-Through Entity: Indiana Finance Authority

Management of the City has not established an effective internal control system, which would include monitoring activities of paid consultants, related to the grant agreement and the Davis-Bacon (prevailing wages) and Suspension and Debarment compliance requirements that have a direct and material effect to the program. The failure to establish an effective internal control system places the City at risk of noncompliance with the grant agreement and the compliance requirements. This lack of an effective internal control system could allow the misuse and mismanagement of federal funds and assets by not having proper oversight, and reviews over the activities of the grant.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

In order to have an effective internal control system, it is important to ensure that the activities of paid consultants are monitored. This is accomplished by making sure proper oversight, reviews, and approvals take place, as well as ensuring the governing board is informed about any deficiencies to allow appropriate follow up action to be taken. The City did not have a system in place to ensure the work product provided by the consultant employed by the Indiana Finance Authority to ensure compliance with Davis Bacon and Suspension and Debarment was adequate, complete, and accurate.

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

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the City.

We recommended that the City's management establish controls to effectively monitor the activities of consultants employed to ensure compliance related to the grant agreement and compliance requirements that have a direct and material effect to the program.

AUDITEE PREPARED DOCUMENTS

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

Deborah A. Longer
Clerk-Treasurer

"The Friendly City"

Telephone:
(219) 942-1940

Fax:
(219) 942-0505

The City of Hobart

414 Main Street • Hobart, Indiana 46342



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2012-2

Original SBA Audit Report Number: B42342
Fiscal Year: 2012
Auditee Contact Person: Deborah A. Longer
Title of Contact Person: Clerk-Treasurer
Phone Number: (219) 942-1940
Status of Finding: Corrective Action Plan - Follow-up

As described in the Corrective Action Plan issued on April 10, 2013, the City Executive issued a directive to his Department Heads to provide to the Clerk-Treasurer a copy of any and all grant applications and related documents at the time of their submission for consideration to the federal programs; and to provide any and all required financial reports to the Clerk-Treasurer to allow review for accuracy prior to submittal to the federal program or agency under the requirements of the federal award. Generally, this directive has had merit and the Department Heads have complied.

As a follow-up, the Clerk-Treasurer has, on a quarterly basis, specifically requested information from each of the Department Heads regarding any and all grants applied for and quarterly reports issued. While many times the quarterly reports are not received by the Clerk-Treasurer until after being filed with the appropriate agency, efforts will continue to remind those individuals to follow the directive of the Mayor in submitting reports prior to filing to assure continued compliance with the requirements of the federal awards.

Deborah A. Longer
4/23/14

Deborah A. Longer
Clerk-Treasurer

"The Friendly City"

Telephone:
(219)942-1940

The City of Hobart

414 Main Street • Hobart, Indiana 46342

Fax:
(219)942-0505



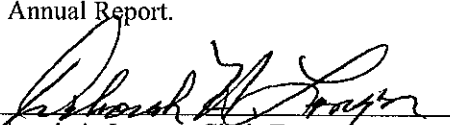
CORRECTIVE ACTION PLAN

Section II – Financial Statement Findings

FINDING 2013–001 – INTERNAL CONTROLS AND COMPLIANCE OVER REPORTING FEDERAL EXPENDITURES ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Hobart Sanitary District and the City of Hobart Clerk-Treasurer's office was not aware that the State Revolving Fund (SRF) loan was to be considered as a Federal Award and included on the Schedule of Expenditures of Federal Awards (SEFA). All information regarding the receipt and expenditure activity of the SRF was included in its entirety in the 2013 Annual Report of the City. During the audit process, adjustments were accepted by the City and made to the SEFA to include the SRF loan information and it was noted in the Schedule of Findings that the resulting presentation of the SEFA is materially correct in relation to the financial statement.

The City maintains separate files on all awards received from any source and effective immediately, will become more diligent in determining the primary source of the funds to ensure inclusion on the SEFA of all federally awarded funds in the future. The remaining SRF funds expended in fiscal year 2014 will be included on the SEFA in the 2014 Annual Report.

Signed: 
Deborah A. Longer, Clerk-Treasurer

Date: 4/30/2014

Deborah A. Longer
Clerk-Treasurer

"The Friendly City"

Telephone:
(219) 942-1940



The City of Hobart

414 Main Street • Hobart, Indiana 46342

Fax:
(219) 942-0505

CORRECTIVE ACTION PLAN

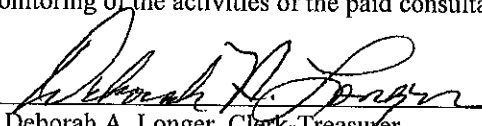
Section III – Federal Award Findings and Questioned Costs

FINDING 2013-002 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS

Federal Agency: Environmental Protection Agency
Federal Program: Capitalization Grants for Clean Water State Revolving Funds
CFDA Number: 66.458
Federal Award Number and Year (or Other Identifying Number): WW12451401
Pass-Through Entity: Indiana Finance Authority

Prior to the City hiring a full-time City Engineer in early 2013, monitoring of the activities of the paid consultants related to the SRF project was done by the Hobart Sanitary District Board President, the Board of Sanitary Commissioners and the Chief Executive of the City. The newly hired City Engineer then met on a regular basis with the paid consultants to oversee the project and reviewed all claims submitted relative to the SRF loan and the activities related thereto. A sub-consultant, working under the monitoring of the paid project consultant, was hired to assure the Davis Bacon (prevailing wage) and Suspension and Debarment compliance was met. The Hobart Sanitary District Board considered all claims submitted by all consultants and payment was made for those approved by the Board upon the recommendation of the City Engineer.

The Hobart Sanitary District and the City have responded to the need for a more effective internal control system by hiring a full time City Engineer to oversee and monitor the activities of the paid consultants to ensure compliance related to any and all grant agreements and projects undertaken by the City. Discussions as to this specific Finding have been brought to the attention of the City Engineer who will take immediate steps to more clearly document the City's monitoring of the activities of the paid consultants.

Signed: 
Deborah A. Longer, Clerk-Treasurer

Date: 4/30/2014

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the City. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.