

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, 2015 to December 31, 2015



FILED
04/04/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Deborah A. Longer	01-01-12 to 12-31-19
Mayor	Brian Snedecor	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Brian Snedecor	01-01-12 to 12-31-19
President Pro Tempore of the Common Council	Jerry Herzog Matt Claussen Jerry Herzog	01-01-14 to 12-31-15 01-01-16 to 09-07-16 09-08-16 to 12-31-17



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, 2015, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 to 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, 2015.

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, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

Our audit was conducted for the purpose of forming an opinion on the 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 16, 2017, 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.


Paul D. Joyce, CPA
State Examiner

February 16, 2017



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

TO: THE OFFICIALS OF THE 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, 2015, and the related notes to the financial statement, and have issued our report thereon dated February 16, 2017, 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002 that we consider 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 2015-001.

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

February 16, 2017

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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, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
General	\$ 3,785,643	\$ 22,882,652	\$ 24,001,281	\$ 2,667,014
Motor Vehicle Highway	633,710	2,416,421	2,221,804	828,327
Local Road And Street	294,536	335,440	209,785	420,191
Law Enforcement Continuing Ed	40,710	64,586	54,140	51,156
Riverboat	549,008	850,465	735,832	663,641
Parks And Recreation	179,998	705,638	757,999	127,637
Economic Development Income Tax	551,269	1,039,024	1,000,343	589,950
Cumulative Capital Improvement	53,486	72,988	-	126,474
Cumulative Capital Development	844,746	551,039	151,225	1,244,560
Police Pension	608,109	676,619	591,118	693,610
Fire Pension	331,336	426,758	354,100	403,994
Public Safety Income Tax	190,752	1,152,474	1,206,045	137,181
HMS Police Court Bond B Debt Svc	136,893	138,143	131,255	143,781
Redev RZ TIF Bond A & B Debt Service	228,432	492,615	471,384	249,663
Maria Reiner Senior Center	201,918	97,858	118,975	180,801
Domestic Highway Enforcement	(8,491)	34,942	31,688	(5,237)
City Donations	648	6,109	1,480	5,277
RDC Special Fund	7,025	-	-	7,025
2014 Paving Bond Debt Service	15,006	481,265	421,225	75,046
50/50 Sidewalk	1,100	20,201	21,301	-
Southside Lease Bond	-	107,000	107,000	-
Health Insurance Bank Account	35,495	2,041,153	2,063,168	13,480
City Court Bank Account	297,035	1,147,491	1,133,562	310,964
Fire Donation	5,467	5,175	6,340	4,302
Park Donation	5,663	11,374	12,122	4,915
Trust	34,824	150	-	34,974
Dare/ Too Good for Drugs	9,694	3,052	13,308	(562)
Police Donation	5,919	15,480	5,436	15,963
County Share Court Costs	-	390,362	390,362	-
Court Records Perpetuation	44,792	7,989	1,136	51,645
Innkeeper's Tax	10,330	4,725	11,438	3,617
Police Seizure	135,417	51,662	94,549	92,530
Drug Task Force (HIDTA)	8,529	18,242	16,809	9,962
Drug Free Communities	-	17,625	17,625	-
County Juvenile Night Light	1,287	-	-	1,287
Park Improvement	21,411	3,600	-	25,011
Park & Rec Non-Reverting	2,235	-	-	2,235
Arbor Lane Park Donation	2,150	-	-	2,150
Enhancement & Improvement	250,935	212,168	309,255	153,848
Penny Depot Donation	12,611	-	-	12,611
Lakefront Festival	9,349	26,567	27,651	8,265
Barrington Ridge Park Donation	72,975	-	2,200	70,775
Pleak Fund	34,198	-	-	34,198
Water Lines	11,595	-	-	11,595
DUI Overtime Grant	1,958	30,040	28,139	3,859

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, 2015
(Continued)

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
Court Public Defender	2,281	3,645	1,000	4,926
Adult Probation	146,223	35,449	46,610	135,062
Park District Program	1,250	43,686	37,449	7,487
Hobart Entryway Triangle	6,631	-	-	6,631
Fire Dept EMS Education	1,375	-	-	1,375
Operation Pull Over	15,677	33,457	37,952	11,182
Tax Abatement	18,778	698	7,632	11,844
Scout Cabin	571	-	-	571
Redevelopment	1,711,229	463,951	437,817	1,737,363
Special Events	2,915	68,974	44,627	27,262
Public Works Donation	1,142	1,902	1,121	1,923
Assistance To Firefighters Grant	1,421	-	-	1,421
Recycling Grants	80,260	9	71,415	8,854
Employee Health Benefits	33,884	447,250	421,313	59,821
Redevelopment 61St Avenue	4,271,739	3,245,916	3,645,614	3,872,041
Reimburse Professional Fees	19,740	78,750	38,785	59,705
Park Bond 6 Project Debt Service	561,104	780,301	784,024	557,381
2006 GO Bond Paving Debt Service	39,844	-	39,844	-
2007 61St Avenue Debt Service	127,178	281,506	269,006	139,678
HMS Police Court Bond A Debt Svc	400,013	652,834	622,488	430,359
61St Ave Series B Debt Service	34,577	88,904	79,504	43,977
Park Bond Proceeds 6 Projects	87,761	173,136	179,472	81,425
61St Avenue Reserve Fund	930,000	-	-	930,000
Redev RZ TIF Bond Proceeds	1,611,518	-	1,611,517	1
Fire Pension 1977	-	192,430	192,430	-
Police Pension 1977	-	224,333	224,182	151
Payroll	91,348	12,596,861	12,543,699	144,510
Water Escrow	44,860	307,398	303,478	48,780
Nipsco Escrow	1	948,218	948,204	15
Civilian PERF	44	138,345	138,287	102
Investments	64,980	27,408	50,000	42,388
HSD Stormwater	4,037,557	1,863,842	4,139,716	1,761,683
SRF Bond and Interest HSD	68,425	235,076	117,395	186,106
SRF Debt Svc. Reserve HSD	106,133	47,160	-	153,293
Sewer Lease Construction 61st Ave	4,334,422	572	4,094,502	240,492
Sewer Lease Bond & Interest 61st Ave.	90,493	11	61,272	29,232
Sewer Lease Debt Service Reserve	509,000	106	106	509,000
Downtown Lease Construction	-	3,403,447	1,299,841	2,103,606
Downtown Lease Bond & Interest	-	85,041	29,976	55,065
Downtown Lease Debt Service Reserve	-	274,029	-	274,029
Wastewater Operating	291,012	5,766,732	5,658,417	399,327
Wastewater Improvement	4,416,233	1,940,462	2,392,651	3,964,044
Wastewater Revenue	450,912	6,533,646	6,498,720	485,838
Totals	<u>\$ 34,272,234</u>	<u>\$ 77,524,577</u>	<u>\$ 83,791,146</u>	<u>\$ 28,005,665</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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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. 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF HOBART
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received 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. Amounts received from charges for current services.

Other receipts. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for 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. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the 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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The 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 a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the 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
One North Capitol, 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
One North Capitol, 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. This is a result of reimbursable grant funds not yet received by December 31, 2015, for expenditures made in 2015.

Note 8. Other Postemployment Benefits

The City provides to eligible retirees and their spouses the following benefits: medical and hospitalization insurance. In addition to the normal pension retirement benefits through INPRS, the City offers certain employees who retire the benefit of continuing existing health insurance coverage for up to five (5) years or until medical coverage or Medicare is available, with the premiums paid by the City. Some exclusions apply to this benefit and eligibility is based on a point system that is outlined in the City of Hobart Employee Handbook. 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.

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OTHER INFORMATION - UNAUDITED

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

The other information presented was approved by management of the 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, 2015

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Riverboat	Parks And Recreation	Economic Development Income Tax
Cash and investments - beginning	\$ 3,785,643	\$ 633,710	\$ 294,536	\$ 40,710	\$ 549,008	\$ 179,998	\$ 551,269
Receipts:							
Taxes	11,274,849	1,285,693	-	-	-	567,126	-
Licenses and permits	784,817	-	-	14,410	-	-	-
Intergovernmental receipts	799,699	1,124,716	335,440	-	300,451	26,826	1,039,024
Charges for services	866,862	14	-	41,532	-	83,427	-
Fines and forfeits	147,898	-	-	7,938	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	9,008,527	5,998	-	706	550,014	28,259	-
Total receipts	22,882,652	2,416,421	335,440	64,586	850,465	705,638	1,039,024
Disbursements:							
Personal services	13,114,945	1,241,083	-	-	-	489,789	18,686
Supplies	612,759	463,577	23,059	10,950	-	57,088	-
Other services and charges	3,161,891	91,146	975	38,186	-	102,439	445,246
Debt service - principal and interest	6,741,269	-	-	-	-	-	-
Capital outlay	339,438	425,998	185,751	4,999	735,832	80,288	536,411
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	30,979	-	-	5	-	28,395	-
Total disbursements	24,001,281	2,221,804	209,785	54,140	735,832	757,999	1,000,343
Excess (deficiency) of receipts over disbursements	(1,118,629)	194,617	125,655	10,446	114,633	(52,361)	38,681
Cash and investments - ending	\$ 2,667,014	\$ 828,327	\$ 420,191	\$ 51,156	\$ 663,641	\$ 127,637	\$ 589,950

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Cumulative Capital Improvement	Cumulative Capital Development	Police Pension	Fire Pension	Public Safety Income Tax	HMS Police Court Bond B Debt Svc	Redev RZ TIF Bond A & B Debt Service
Cash and investments - beginning	\$ 53,486	\$ 844,746	\$ 608,109	\$ 331,336	\$ 190,752	\$ 136,893	\$ 228,432
Receipts:							
Taxes	-	526,149	-	-	-	130,910	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	72,988	24,890	-	-	1,074,542	6,133	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	676,619	426,758	77,932	1,100	492,615
Total receipts	72,988	551,039	676,619	426,758	1,152,474	138,143	492,615
Disbursements:							
Personal services	-	-	1,456	1,456	63,482	-	-
Supplies	-	-	-	-	36,490	-	-
Other services and charges	-	-	1,049	2,247	310,292	550	1,300
Debt service - principal and interest	-	-	-	-	-	130,705	470,084
Capital outlay	-	151,225	-	-	795,781	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	588,613	350,397	-	-	-
Total disbursements	-	151,225	591,118	354,100	1,206,045	131,255	471,384
Excess (deficiency) of receipts over disbursements	72,988	399,814	85,501	72,658	(53,571)	6,888	21,231
Cash and investments - ending	\$ 126,474	\$ 1,244,560	\$ 693,610	\$ 403,994	\$ 137,181	\$ 143,781	\$ 249,663

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Maria Reiner Senior Center	Domestic Highway Enforcement	City Donations	RDC Special Fund	2014 Paving Bond Debt Service	50/50 Sidewalk	Southside Lease Bond
Cash and investments - beginning	\$ 201,918	\$ (8,491)	\$ 648	\$ 7,025	\$ 15,006	\$ 1,100	\$ -
Receipts:							
Taxes	-	-	-	-	421,666	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	19,755	-	-
Charges for services	81,855	34,942	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	16,003	-	6,109	-	39,844	20,201	107,000
Total receipts	<u>97,858</u>	<u>34,942</u>	<u>6,109</u>	<u>-</u>	<u>481,265</u>	<u>20,201</u>	<u>107,000</u>
Disbursements:							
Personal services	49,419	31,688	-	-	-	-	-
Supplies	22,902	-	-	-	-	-	-
Other services and charges	10,148	-	1,480	-	-	-	107,000
Debt service - principal and interest	-	-	-	-	421,225	-	-
Capital outlay	4,920	-	-	-	-	20,201	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	31,586	-	-	-	-	1,100	-
Total disbursements	<u>118,975</u>	<u>31,688</u>	<u>1,480</u>	<u>-</u>	<u>421,225</u>	<u>21,301</u>	<u>107,000</u>
Excess (deficiency) of receipts over disbursements	<u>(21,117)</u>	<u>3,254</u>	<u>4,629</u>	<u>-</u>	<u>60,040</u>	<u>(1,100)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 180,801</u>	<u>\$ (5,237)</u>	<u>\$ 5,277</u>	<u>\$ 7,025</u>	<u>\$ 75,046</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Health Insurance Bank Account	City Court Bank Account	Fire Donation	Park Donation	Trust	Dare/ Too Good for Drugs	Police Donation
Cash and investments - beginning	\$ 35,495	\$ 297,035	\$ 5,467	\$ 5,663	\$ 34,824	\$ 9,694	\$ 5,919
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	975	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	2,041,153	1,147,491	5,175	10,399	150	3,052	15,480
Total receipts	2,041,153	1,147,491	5,175	11,374	150	3,052	15,480
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	6,340	4,415	-	7,466	5,436
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	7,707	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,063,168	1,133,562	-	-	-	5,842	-
Total disbursements	2,063,168	1,133,562	6,340	12,122	-	13,308	5,436
Excess (deficiency) of receipts over disbursements	(22,015)	13,929	(1,165)	(748)	150	(10,256)	10,044
Cash and investments - ending	\$ 13,480	\$ 310,964	\$ 4,302	\$ 4,915	\$ 34,974	\$ (562)	\$ 15,963

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	County Share Court Costs	Court Records Perpetuation	Innkeeper's Tax	Police Seizure	Drug Task Force (HIDTA)	Drug Free Communities	County Juvenile Night Light
Cash and investments - beginning	\$ -	\$ 44,792	\$ 10,330	\$ 135,417	\$ 8,529	\$ -	\$ 1,287
Receipts:							
Taxes	-	-	4,725	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	18,242	-	-
Fines and forfeits	390,362	7,989	-	-	-	17,625	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	51,662	-	-	-
Total receipts	390,362	7,989	4,725	51,662	18,242	17,625	-
Disbursements:							
Personal services	-	-	-	-	16,766	-	-
Supplies	-	-	-	-	43	-	-
Other services and charges	-	1,136	11,438	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	93,542	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	390,362	-	-	1,007	-	17,625	-
Total disbursements	390,362	1,136	11,438	94,549	16,809	17,625	-
Excess (deficiency) of receipts over disbursements	-	6,853	(6,713)	(42,887)	1,433	-	-
Cash and investments - ending	\$ -	\$ 51,645	\$ 3,617	\$ 92,530	\$ 9,962	\$ -	\$ 1,287

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Park Improvement	Park & Rec Non-Reverting	Arbor Lane Park Donation	Enhancement & Improvement	Penny Depot Donation	Lakefront Festival	Barrington Ridge Park Donation
Cash and investments - beginning	\$ 21,411	\$ 2,235	\$ 2,150	\$ 250,935	\$ 12,611	\$ 9,349	\$ 72,975
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	3,600	-	-	152,168	-	15,013	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	60,000	-	11,554	-
Total receipts	<u>3,600</u>	<u>-</u>	<u>-</u>	<u>212,168</u>	<u>-</u>	<u>26,567</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	2,201	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	23,690	2,200
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	309,255	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	1,760	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>309,255</u>	<u>-</u>	<u>27,651</u>	<u>2,200</u>
Excess (deficiency) of receipts over disbursements	<u>3,600</u>	<u>-</u>	<u>-</u>	<u>(97,087)</u>	<u>-</u>	<u>(1,084)</u>	<u>(2,200)</u>
Cash and investments - ending	<u>\$ 25,011</u>	<u>\$ 2,235</u>	<u>\$ 2,150</u>	<u>\$ 153,848</u>	<u>\$ 12,611</u>	<u>\$ 8,265</u>	<u>\$ 70,775</u>

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Pleak Fund	Water Lines	DUI Overtime Grant	Court Public Defender	Adult Probation	Park District Program	Hobart Entryway Triangle
Cash and investments - beginning	\$ 34,198	\$ 11,595	\$ 1,958	\$ 2,281	\$ 146,223	\$ 1,250	\$ 6,631
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	30,040	-	-	30,040	-
Fines and forfeits	-	-	-	3,645	35,449	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	13,646	-
Total receipts	-	-	30,040	3,645	35,449	43,686	-
Disbursements:							
Personal services	-	-	28,139	-	44,778	17,857	-
Supplies	-	-	-	-	275	-	-
Other services and charges	-	-	-	1,000	1,301	19,592	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	256	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	28,139	1,000	46,610	37,449	-
Excess (deficiency) of receipts over disbursements	-	-	1,901	2,645	(11,161)	6,237	-
Cash and investments - ending	\$ 34,198	\$ 11,595	\$ 3,859	\$ 4,926	\$ 135,062	\$ 7,487	\$ 6,631

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Fire Dept EMS Education	Operation Pull Over	Tax Abatement	Scout Cabin	Redevelopment	Special Events	Public Works Donation
Cash and investments - beginning	\$ 1,375	\$ 15,677	\$ 18,778	\$ 571	\$ 1,711,229	\$ 2,915	\$ 1,142
Receipts:							
Taxes	-	-	-	-	353,608	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	33,457	610	-	-	68,974	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	88	-	110,343	-	1,902
Total receipts	-	33,457	698	-	463,951	68,974	1,902
Disbursements:							
Personal services	-	37,952	-	-	8,287	2,250	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	7,632	-	365,827	42,377	1,121
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	63,703	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	37,952	7,632	-	437,817	44,627	1,121
Excess (deficiency) of receipts over disbursements	-	(4,495)	(6,934)	-	26,134	24,347	781
Cash and investments - ending	\$ 1,375	\$ 11,182	\$ 11,844	\$ 571	\$ 1,737,363	\$ 27,262	\$ 1,923

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Assistance To Firefighters Grant	Recycling Grants	Employee Health Benefits	Redevelopment 61St Avenue	Reimburse Professional Fees	Park Bond 6 Project Debt Service	2006 GO Bond Paving Debt Service
Cash and investments - beginning	\$ 1,421	\$ 80,260	\$ 33,884	\$ 4,271,739	\$ 19,740	\$ 561,104	\$ 39,844
Receipts:							
Taxes	-	-	-	1,460,437	-	745,335	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	34,916	-
Charges for services	-	9	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	447,250	1,785,479	78,750	50	-
Total receipts	-	9	447,250	3,245,916	78,750	780,301	-
Disbursements:							
Personal services	-	-	418,770	8,287	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	71,415	-	212,662	38,785	550	-
Debt service - principal and interest	-	-	-	-	-	783,474	-
Capital outlay	-	-	-	2,513,902	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	2,543	910,763	-	-	39,844
Total disbursements	-	71,415	421,313	3,645,614	38,785	784,024	39,844
Excess (deficiency) of receipts over disbursements	-	(71,406)	25,937	(399,698)	39,965	(3,723)	(39,844)
Cash and investments - ending	\$ 1,421	\$ 8,854	\$ 59,821	\$ 3,872,041	\$ 59,705	\$ 557,381	\$ -

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	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	Redev RZ TIF Bond Proceeds	Fire Pension 1977
Cash and investments - beginning	\$ 127,178	\$ 400,013	\$ 34,577	\$ 87,761	\$ 930,000	\$ 1,611,518	\$ -
Receipts:							
Taxes	-	623,618	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	29,216	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	281,506	-	88,904	173,136	-	-	192,430
Total receipts	281,506	652,834	88,904	173,136	-	-	192,430
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	750	1,100	550	-	-	5,500	-
Debt service - principal and interest	268,256	621,388	78,954	-	-	-	-
Capital outlay	-	-	-	179,472	-	1,606,017	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	192,430
Total disbursements	269,006	622,488	79,504	179,472	-	1,611,517	192,430
Excess (deficiency) of receipts over disbursements	12,500	30,346	9,400	(6,336)	-	(1,611,517)	-
Cash and investments - ending	\$ 139,678	\$ 430,359	\$ 43,977	\$ 81,425	\$ 930,000	\$ 1	\$ -

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Police Pension 1977	Payroll	Water Escrow	Nipsco Escrow	Civilian PERF	Investments	HSD Stormwater
Cash and investments - beginning	\$ -	\$ 91,348	\$ 44,860	\$ 1	\$ 44	\$ 64,980	\$ 4,037,557
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	1,844,209
Other receipts	224,333	12,596,861	307,398	948,218	138,345	27,408	19,633
Total receipts	224,333	12,596,861	307,398	948,218	138,345	27,408	1,863,842
Disbursements:							
Personal services	-	-	-	-	-	-	17,810
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	1,026,771
Utility operating expenses	-	-	-	-	-	-	1,496,003
Other disbursements	224,182	12,543,699	303,478	948,204	138,287	50,000	1,599,132
Total disbursements	224,182	12,543,699	303,478	948,204	138,287	50,000	4,139,716
Excess (deficiency) of receipts over disbursements	151	53,162	3,920	14	58	(22,592)	(2,275,874)
Cash and investments - ending	\$ 151	\$ 144,510	\$ 48,780	\$ 15	\$ 102	\$ 42,388	\$ 1,761,683

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	SRF Bond and Interest HSD	SRF Debt Svc. Reserve HSD	Sewer Lease Construction 61st Ave	Sewer Lease Bond & Interest 61st Ave.	Sewer Lease Debt Service Reserve	Downtown Lease Construction
Cash and investments - beginning	\$ 68,425	\$ 106,133	\$ 4,334,422	\$ 90,493	\$ 509,000	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	235,076	47,160	572	11	106	3,403,447
Total receipts	235,076	47,160	572	11	106	3,403,447
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	117,395	-	-	61,272	-	-
Capital outlay	-	-	4,094,502	-	-	1,299,841
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	106	-
Total disbursements	117,395	-	4,094,502	61,272	106	1,299,841
Excess (deficiency) of receipts over disbursements	117,681	47,160	(4,093,930)	(61,261)	-	2,103,606
Cash and investments - ending	\$ 186,106	\$ 153,293	\$ 240,492	\$ 29,232	\$ 509,000	\$ 2,103,606

CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Downtown Lease Bond & Interest	Downtown Lease Debt Service Reserve	Wastewater Operating	Wastewater Improvement	Wastewater Revenue	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 291,012	\$ 4,416,233	\$ 450,912	\$ 34,272,234
Receipts:						
Taxes	-	-	-	-	-	17,394,116
Licenses and permits	-	-	-	-	-	799,227
Intergovernmental receipts	-	-	-	-	-	4,888,596
Charges for services	-	-	-	-	-	1,461,760
Fines and forfeits	-	-	-	-	-	610,906
Utility fees	-	-	4,000	-	6,533,646	8,381,855
Other receipts	85,041	274,029	5,762,732	1,940,462	-	43,988,117
Total receipts	<u>85,041</u>	<u>274,029</u>	<u>5,766,732</u>	<u>1,940,462</u>	<u>6,533,646</u>	<u>77,524,577</u>
Disbursements:						
Personal services	-	-	1,072,104	-	-	16,687,205
Supplies	-	-	-	-	-	1,227,143
Other services and charges	-	-	-	-	-	5,106,232
Debt service - principal and interest	29,976	-	-	-	-	9,723,998
Capital outlay	-	-	89,247	1,519,371	-	16,084,430
Utility operating expenses	-	-	4,082,425	-	-	5,578,428
Other disbursements	-	-	414,641	873,280	6,498,720	29,383,710
Total disbursements	<u>29,976</u>	<u>-</u>	<u>5,658,417</u>	<u>2,392,651</u>	<u>6,498,720</u>	<u>83,791,146</u>
Excess (deficiency) of receipts over disbursements	<u>55,065</u>	<u>274,029</u>	<u>108,315</u>	<u>(452,189)</u>	<u>34,926</u>	<u>(6,266,569)</u>
Cash and investments - ending	<u>\$ 55,065</u>	<u>\$ 274,029</u>	<u>\$ 399,327</u>	<u>\$ 3,964,044</u>	<u>\$ 485,838</u>	<u>\$ 28,005,665</u>

CITY OF HOBART
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2015

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 646,421	\$ 675,807
Wastewater	-	646,621
Totals	\$ 646,421	\$ 1,322,428

CITY OF HOBART
SCHEDULE OF LEASES AND DEBT
December 31, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
MainSource Bank	E911 Radios	\$ 126,557	11/05/2014	11/05/2018
U S Bank	Fire Truck 2013 Quint	121,850	12/17/2014	12/17/2018
U S Bank	Garbage Trucks (2)	62,429	12/01/2012	12/01/2016
U S Bank	Police / Fire Cars (11)	66,444	03/01/2013	03/01/2016
U S Bank	Fire Truck 2014 E-One Typhoon	53,194	01/15/2015	01/15/2019
U S Bank	Refuse Roll Carts / Recycle Toters	136,347	08/29/2014	08/29/2018
U S Bank	Police / Fire / MVH / Parks Trucks/Cars (16)	97,168	03/20/2014	03/20/2017
Univest Capital	Phone System / PCC	<u>1,560</u>	03/15/2011	02/15/2016
Total of annual lease payments		<u>\$ 665,549</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2007 Redevelopment Bond: 61st Ave. Series A (Fund 324)	\$ 3,125,000	\$ 297,956
General obligation bonds	2009 Redevelopment Bond: 61st Ave. Series B (Fund 313)	1,050,000	87,554
General obligation bonds	2009 Police Court Reconstruction Bond A (Fund 314)	4,445,000	620,281
General obligation bonds	2005 Park District Bond (Fund 322)	1,135,000	786,100
General obligation bonds	2010 Police Court Reconstruction Bond B (Fund 315)	1,755,000	129,850
General obligation bonds	2010 Redevelopment Bond: 61st Ave TIF Series A (Fund 325)	980,000	199,910
General obligation bonds	2010 Redevelopment Bond: 61st Ave RZ Series B (Fund 325)	2,690,000	245,168
General obligation bonds	2014 GO Bond: Street Improvements (Fund 311)	1,410,000	423,100
Revenue bonds	2014 Lease Rental Revenue Bonds (Southside)	5,090,000	128,556
Revenue bonds	2015 Lease Rental Revenue Bonds (Downtown)	<u>3,775,000</u>	<u>185,116</u>
Total governmental activities		<u>25,455,000</u>	<u>3,103,591</u>
Wastewater:			
Revenue bonds	2012 HSD Sanitary Sewage Revenue Bonds (SRF)	<u>3,697,000</u>	<u>234,780</u>
Total Wastewater		<u>3,697,000</u>	<u>234,780</u>
Totals		<u>\$ 29,152,000</u>	<u>\$ 3,338,371</u>

CITY OF HOBART
SCHEDULE OF CAPITAL ASSETS
December 31, 2015

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	\$ 1,602,937
Infrastructure	97,646,284
Buildings	30,841,212
Improvements other than buildings	7,205,930
Machinery, equipment, and vehicles	13,229,945
Construction in progress	4,718,190
Books and other	89,356
Total governmental activities	155,333,854
Storm Water:	
Infrastructure	9,610,671
Wastewater:	
Land	1,033,922
Infrastructure	25,817,208
Buildings	15,662,269
Improvements other than buildings	1,280,393
Machinery, equipment, and vehicles	2,562,932
Construction in progress	6,199,662
Total Wastewater	52,556,386
Total capital assets	\$ 217,500,911

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for the Major Federal Program

We have audited the City of Hobart's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2015. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 the 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, 2015.

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

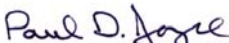
Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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


Paul D. Joyce, CPA
State Examiner

February 16, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF HOBART
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015

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	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Urban and Community Forestry Program Urban Forest Management	Indiana Department of Natural Resources	10.675	EDS 9-14-UFGM13	\$ -	\$ 8,738
Total - Department of Agriculture				-	8,738
<u>Department of Commerce</u>					
Coastal Zone Management Administration Awards Lake George Bank Stabilization	Indiana Department of Natural Resources	11.419	300FW0LARE07000	-	90,305
Total - Department of Commerce				-	90,305
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/ Special Purpose Grants/Insular Area Brickie Bowl Grandstand	Indiana Office of Community and Rural Affairs	14.225	EDS: A159-14-PBI-1001	-	50,000
Total - Department of Housing and Urban Development				-	50,000
<u>Department of Justice</u>					
Bulletproof Vest Partnership Program Bullet Proof Vests	Direct Grant	16.607	OMB1121-0235	-	3,388
Total - Department of Justice				-	3,388
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Streetscape: 3rd St. E-85 Police Fuel Oak-Savannah Trail 61st Ave. Diesel Catalysts: MVH	Indiana Department of Transportation Indiana Department of Transportation Indiana Department of Transportation Indiana Department of Transportation Northwestern Indiana Regional Planning Commission	20.205	Des#0810541 EDS A249-12-320708 STP-9945(066) STP-N606(001) Diesel Retrofit	- - - - -	24,424 27,803 60,000 85,360 14,284
Total - Highway Planning and Construction Cluster				-	211,871
Total - Department of Transportation				-	211,871
<u>Department of Homeland Security</u>					
Staffing for Adequate Fire and Emergency Response (SAFER) SAFER	Direct Grant	97.083	EDS: EMW-2013-FH-00533	-	414,324
Total - Department of Homeland Security				-	414,324
Total federal awards expended				\$ -	\$ 778,626

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

CITY OF HOBART
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2015. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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 weakness identified?	no
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)	Unmodified

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2015-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

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).

There were no segregation of duties over the preparation of the SEFA. One employee was responsible for preparing the SEFA without evidence of a review or approval process.

The City did not have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. The federal expenditures on the SEFA presented for audit were overstated by \$305,497 in total for three grants.

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

Audit adjustments were proposed, accepted by the City, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

2 CFR section 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements...."

2 CFR section 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.

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

- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

Views of Responsible Officials

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

FINDING 2005-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition

There were several deficiencies in the internal control system of the City related to financial transactions and reporting.

1. Lack of Segregation of Duties - Receipts: Duties of preparing the deposit and taking the deposit to the bank were performed by separate employees; however, consistent written documentation to verify that these steps were performed by two different employees was not provided.
2. Lack of Segregation of Duties - Financial Close and Reporting: The City had not separated incompatible activities related to the financial close and reporting process. The Clerk-Treasurer prepared the Annual Financial Report, which included the financial activity of all funds and was the basis for the financial statement, and submitted it on the Gateway reporting system website. Written evidence that an adequate oversight or review process had occurred before submission was not provided.
3. Cash - An employee in the Clerk-Treasurer's office prepared the bank reconciliements; however, a separate person did not document a review of the bank reconciliements to indicate adequate oversight or review. The Clerk-Treasurer did begin to document her review of the bank reconciliements in October 2015.

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

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management of the City had not properly implemented the internal control system relating to receipts and cash. Management of the City had not established a proper system of internal control relating to the financial close and reporting process.

Effect

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

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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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"

The City of Hobart

414 Main Street • Hobart, Indiana 46342

Telephone:
(219)942-1940

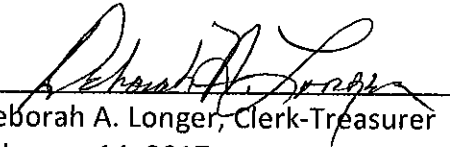
Fax:
(219)942-0505

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2014-001

Auditor Assigned Reference Number: _____
Fiscal Year 2014
Auditee Contact Person Deborah A. Longer
Title of Contact Person Clerk-Treasurer
Phone Number (219) 942-1940
Status of Finding Corrective Action Plan / Compliance

As described in the Corrective Action Plan issued on February 14, 2017 the City Executive and the Clerk-Treasurer met with the Department Heads and instituted a new internal control specifically requiring each Employee in Responsible Charge (ERC) of any federal awards or grants of any kind, to submit quarterly reports to designated staff in the Clerk-Treasurer's office for each grant applied for and/or awarded including any and all expenditures, receipts, quarterly reports and other filings related to the grant(s). It is believed that this additional quarterly step in monitoring the federal award activities throughout the year will allow the Clerk-Treasurer's staff to prepare up-to-date records that accurately reflect the activity of each grant. Using these updated records, the Clerk-Treasurer will then prepare the SEFA for review by each of the ERC's prior to annual submittal. Due to the timing of the 2014 Audit, there was insufficient time to implement any corrective action plan until the beginning of 2017 for the FY 2017 reporting year.


Deborah A. Longer, Clerk-Treasurer
February 14, 2017

Deborah A. Longer
Clerk-Treasurer



"The Friendly City"

The City of Hobart

414 Main Street • Hobart, Indiana 46342

Telephone:
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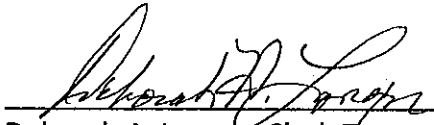
Fax:
(219)942-0505

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2014-002

Auditor Assigned Reference Number: _____
Fiscal Year 2014
Auditee Contact Person Deborah A. Longer
Title of Contact Person Clerk-Treasurer
Phone Number (219) 942-1940
Status of Finding Corrective Action Plan / Compliance

As described in the Corrective Action Plan issued on February 14, 2017 the Clerk-Treasurer has implemented internal controls within the office, having each employee to note with their initials who has prepared the daily deposits and who has taken the deposit to the bank. In addition, the 2017 Annual Financial report has become a collective effort of numerous employees supplying information and documentation for the report and included the training of an employee other than the Clerk-Treasurer to prepare certain sections of the report in Gateway. The report, prior to submission, is reviewed for accuracy by appropriate staff relative to their areas of specialization and reviewed by the City Executive and the Common Council President. Due to the timing of the 2014 Audit, there was insufficient time to implement all of the corrective action plan activities related to the Annual Financial Report until the beginning of 2017 for the FY 2016 reporting year.



Deborah A. Longer, Clerk-Treasurer
February 14, 2017

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

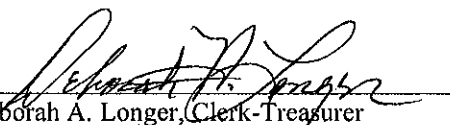
FINDING 2015-001: PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: Deborah Longer, Clerk-Treasurer
Contact Phone Number: (219) 942-1940

The City maintains separate files on all grants applied for and awarded as provided to the Clerk-Treasurer's office. It has been problematic on numerous occasions when found that the Clerk-Treasurer was not supplied with all information related to grant awards and reporting while the designated Employee in Responsible Charge (ERC) for each grant maintained they did comply with the requirements of the grants they monitored and administered. The Administration consistently reminded the ERC's to provide the information but, at the end of the year, when preparing the Schedule of Expenditures of Federal Awards (SEFA), the Clerk-Treasurer continued to find a lack of information or misinformation due to insufficient reporting by the ERC's to the Clerk-Treasurer regarding the grant management.

At the time the 2015 Audit was being conducted, there was insufficient time to implement any correction to this Finding. On February 6, 2017, the Clerk-Treasurer and Mayor met with the Department Heads and instituted a new internal control specifically requiring each ERC to submit quarterly reports to designated staff in the Clerk-Treasurer's office for each grant applied for and/or awarded including any and all expenditures, receipts, quarterly reports and other filings related to the grant(s). It is believed that this additional quarterly step in monitoring the federal award activities throughout the year will allow the Clerk-Treasurer's staff to prepare up-to-date records that accurately reflect the activity of each grant. Using these updated records, the Clerk-Treasurer will then prepare the SEFA for review by each of the ERC's prior to submittal.

Anticipated Completion Date: February 6, 2017

Signed: 
Deborah A. Longer, Clerk-Treasurer

Date: 2/14/17

Deborah A. Longer
Clerk-Treasurer

"The Friendly City"

Telephone:
(219)942-1940



The City of Hobart

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(219)942-0505

CORRECTIVE ACTION PLAN

FINDING 2015-002: INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

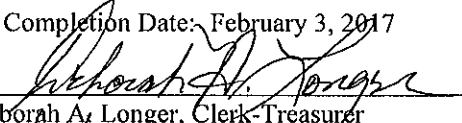
Contact Person Responsible for Corrective Action: Deborah Longer, Clerk-Treasurer
Contact Phone Number: (219) 942-1940

Lack of Segregation of Duties – Receipts: The Clerk-Treasurer's office has, since at least 2004 required that the preparation of the receipts for deposit and banking the deposit be performed by separate employees on a rotating basis. This control is in place to assure that multiple employees are checking the deposits, reconciling them with daily reports from the financial software system and assuring the deposits are accurately and timely made. Written documentation on a daily basis was not specifically noted on each deposit made. At the time the 2015 Audit was being conducted, there was insufficient time to implement any correction to this Finding. In early February, 2017, the Clerk-Treasurer's employees will begin to note with their initials who has prepared each deposit and who takes the deposit to the bank on the daily revenue reports.

Lack of Segregation of Duties – Financial Close and Reporting: The daily operations of the Clerk-Treasurer's office as to financial close and reporting is performed by the various employees of the office who oversee certain areas of specialization (i.e. asset management, accounts payable, debt management, accounts receivable). At the close of the year, the Clerk-Treasurer gathers this information and reviews each part for all funds and prepares the Annual Financial Report for the City. At the time the 2015 Audit was being conducted, there was insufficient time to implement any correction to this Finding. Beginning in January 2017, an employee of the Clerk-Treasurer's office was given editing rights to prepare the Annual Financial Report as to the receipts and disbursements portion. The Clerk-Treasurer, using the information provided by the other employees related to their particular areas of specialization, prepared the other areas of the report, sharing the final reported versions of each section prior to submission with the appropriate contributing employees. The report was also reviewed by the Mayor and the Council President prior to submission.

Cash: As noted, an employee in the Clerk-Treasurer's office prepared bank reconciliations and the review process of each reconciliation is done by the Clerk-Treasurer who documented her review by her initials on the document. In 2015 it was found that some of the reconciliations did not contain a documented review by the Clerk-Treasurer, no initials were found. This oversight was corrected beginning in October 2015 and continues as an internal control.

Anticipated Completion Date: February 3, 2017

Signed: 
Deborah A. Longer, Clerk-Treasurer

Date: 2/14/17

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.