

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SCHOOL CITY OF HOBART
LAKE COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
08/16/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dawn Powers	07-01-14 to 06-30-17
Business Manager	Ted Zembala	07-01-14 to 06-30-17
Superintendent of Schools	Dr. Peggy Buffington	07-01-14 to 06-30-17
President of the School Board	Terry Butler Karen Robbins Terry Butler	07-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-17



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the School City of Hobart (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, 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 (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 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 School Corporation'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 School Corporation'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 School Corporation 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 School Corporation for the period of July 1, 2014 to June 30, 2016.

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 School Corporation for the period of July 1, 2014 to June 30, 2016, 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 School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other 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 School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, and Schedule of Leases and Debt, 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 June 22, 2017, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

June 22, 2017



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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 SCHOOL 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 School City of Hobart (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated June 22, 2017, wherein we noted the School Corporation 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 School Corporation'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 School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation'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 a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 to be a material weakness.

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

School City of Hobart's Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation'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 School Corporation'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 School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

June 22, 2017

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

SCHOOL CITY OF HOBART
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 2,029,213	\$ 26,640,111	\$ 26,144,713	\$ 73,000	\$ 2,597,611	\$ 27,374,596	\$ 26,209,057	\$ 13,398	\$ 3,776,548
Debt Service	169,723	1,471,837	1,473,690	-	167,870	2,162,199	2,140,672	-	189,397
Exempt Debt	2,125,369	6,491,098	6,300,675	-	2,315,792	7,109,161	6,445,000	-	2,979,953
Exempt Pension Debt	247,120	194,045	454,368	-	(13,203)	15,379	2,176	-	-
Capital Projects	397,609	1,839,619	1,596,321	-	640,907	2,017,732	1,670,561	-	988,078
School Transportation	738,705	1,901,289	1,865,786	216	774,424	1,904,329	1,920,216	-	758,537
School Bus Replacement	245,727	266,384	293,099	-	219,012	410,601	641,907	-	(12,294)
Retirement/Severance Bond	63,337	39	-	-	63,376	39	-	-	63,415
Construction	10,019	47	-	-	10,066	272	933,574	990,000	66,764
Construction II	159,465	33,437	751,124	593,556	35,334	-	35,334	-	-
School Lunch	90,321	1,875,712	1,922,496	-	43,537	2,183,804	1,990,625	-	236,716
Textbook Rental	528,679	778,523	748,645	-	558,557	662,080	653,080	-	567,557
Self-Insurance	-	-	-	-	-	3,145,941	2,710,853	-	435,088
Levy Excess	-	-	-	-	-	1,396	-	-	1,396
Alternative Education SY 2013	1,348	-	1,348	-	-	-	-	-	-
Alternative Education	-	61,975	61,974	-	1	37,169	37,170	-	-
SAFE School Haven	-	10,150	10,150	-	-	-	12,000	-	(12,000)
Early Intervention Grant	-	-	-	-	-	509	509	-	-
Gifts/Donations I	3,604	41,909	42,510	-	3,003	-	1	-	3,002
Gifts/Donations II	7,974	25,850	10,897	-	22,927	41,499	50,057	-	14,369
Nancy Snider Memorial Fund	-	6,000	1,000	-	5,000	5,500	1,451	-	9,049
Hobart Community FDN Grants	-	-	-	-	-	1,000	-	-	1,000
Wal-Mart/Sam's Club	1,000	-	-	-	1,000	-	-	-	1,000
PCGB Agreement Proceeds	33,040	15,596	25,372	-	23,264	15,615	31,787	-	7,092
Legacy Foundation, Inc.	4,094	14,007	12,036	-	6,065	16,000	13,357	-	8,708
Transition to Kindergarten	(5)	5	-	-	-	-	-	-	-
Hobart Educational Foundation	19,838	7,900	5,353	-	22,385	10,062	12,281	-	20,166
Parents as Teachers 2012-2013	504	-	504	-	-	-	-	-	-
Parents as Teachers 2013-2014	39,022	-	39,022	-	-	-	-	-	-
Parents as Teachers 2014-2015	49,067	12,921	19,188	-	42,800	66,776	31,161	-	78,415
Empowering Teens as Parents	581	-	334	-	247	-	-	-	247
Lake County Initiative	255	-	255	-	-	-	-	-	-
Parents as Teachers	50	-	50	-	-	-	-	-	-
Formative Assessment	-	-	-	-	-	34,658	34,658	-	-
Instruction Support	-	-	-	-	-	43,535	43,500	-	35

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

SCHOOL CITY OF HOBART
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016
(Continued)

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
High Ability 2013/14	600	-	600	-	-	-	-	-	-
High Ability 2014/15	-	43,029	43,029	-	-	-	-	-	-
Secured Schools Safety Grant	-	-	25,700	-	(25,700)	61,700	36,000	-	-
NESP SY 2013/2014	2	-	2	-	-	-	-	-	-
NESP SY 2014/2015	-	10,169	10,169	-	-	-	-	-	-
NESP SY 2015/2016	-	-	-	-	-	14,725	14,725	-	-
School Technology	13,503	82,605	22,973	-	73,135	202,655	79,350	-	196,440
Title II 2010-2011 State Connect	3,443	-	-	-	3,443	-	-	-	3,443
Performance Based Awards	-	108,327	106,840	-	1,487	186,821	185,714	-	2,594
Indiana Workforce Development	-	20,000	22,592	-	(2,592)	-	(2,592)	-	-
Senator David Ford Technology	-	-	-	-	-	2,395	-	-	-
Title I 2015/2016	-	-	-	-	-	468,793	491,987	-	(23,194)
Title I 2013/2014	(25,442)	110,134	84,692	-	-	-	-	-	-
Title I 2014/2015	-	476,026	504,423	-	(28,397)	131,914	103,517	-	-
Team Nutrition Training Grants	-	21,712	5,116	-	16,596	-	16,596	-	-
Title II, Part A 2012-2014	-	39,286	39,286	-	-	-	-	-	-
Title II, Part A 2013-2015	(6,644)	25,148	18,504	-	-	-	-	-	-
Title II, Part A FY 2014/2016	-	23,766	27,185	-	(3,419)	64,217	60,798	-	-
Title II, Part A FY 2015/2017	-	-	-	-	-	22,431	26,288	-	(3,857)
Title III 2013-2015	(793)	895	102	-	-	-	-	-	-
Title III 2014-2015	-	16,481	17,032	-	(551)	1,589	1,118	-	(80)
Title III 2015-2016	-	-	-	-	-	12,669	12,669	-	-
Clearing Accounts	64,744	5,190,714	5,223,198	-	32,260	4,917,009	4,992,958	-	(43,689)
Self-Insurance Clearing	-	-	-	-	-	372,786	361,382	-	11,404
Clearing Flexible Benefits	40,128	237,729	201,085	-	76,772	16	45,038	-	31,750
Clearing Flexible Benefits AF	-	-	-	-	-	241,066	240,984	-	82
Transfer of Funds	-	760,278	760,278	-	-	822,331	822,331	-	-
Prepaid Food	16,298	734,111	731,953	-	18,456	851,505	860,710	-	9,251
Clearing Insurance	1,354	172,741	163,702	-	10,393	167,933	154,567	-	23,759
Clearing Safe Hiring	350	-	-	-	350	-	-	-	350
Credit Card Clearing	-	-	-	-	-	8,071	7,985	-	86
TBR Clearing	787	150,597	150,597	-	787	-	787	-	-
Totals	\$ 7,073,989	\$ 49,912,202	\$ 49,939,968	\$ 666,772	\$ 7,712,995	\$ 55,810,478	\$ 54,136,294	\$ 1,003,398	\$ 10,390,577

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

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the 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:

Local sources. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation

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

Other receipts. Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

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

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

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

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

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENT
(Continued)

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. 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 School Corporation. 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 School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

State statutes authorize the School Corporation to invest in securities including, but not limited to, 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.

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is 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 School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

Note 7. Negative Disbursement

The financial statement contains a disbursement in the Indiana Workforce Development fund which appears as negative entry. This is a result of an over-expenditure which was discovered and adjusted to the General fund.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. Most are a result of reimbursable grants. Some reimbursements for expenditures made by the School Corporation were not received by June 30, 2015 or 2016, causing negative cash balances.

SCHOOL CITY OF HOBART
NOTES TO FINANCIAL STATEMENT
(Continued)

The Exempt Pension Debt and the School Bus Replacement funds reported negative cash balances due to the fact both of these funds are funded on a calendar year with property taxes and the final tax installments were not received until late December. The obligations for these funds happen before all the revenue is received. At December 31, 2015 and 2016, these funds were not in the negative.

Note 9. Holding Corporation

The School Corporation has entered into capital leases with the Hobart Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2015 and 2016, totaled \$6,846,000 and \$6,981,000, respectively.

Note 10. Subsequent Events

A. In July 2016, the School Corporation issued general obligation bonds in the amount of \$1,460,000. The bonds will be repaid in three nearly equal payments as follows:

June 30, 2017	\$494,053
December 31, 2017	496,649
June 30, 2018	498,341

B. The School Corporation began the process of issuing a \$1,600,000 Negotiable Note at its April 20, 2017 board meeting. It is expected the closing on this issue will occur by the end of June 2017.

Note 11. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits: Medical, Dental, and Vision insurance. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation 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 School Corporation's Financial Reports 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 School Corporation. It is presented as intended by the School Corporation.

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015

	General	Debt Service	Exempt Debt	Exempt Pension Debt	Capital Projects	School Transportation	School Bus Replacement
Cash and investments - beginning	\$ 2,029,213	\$ 169,723	\$ 2,125,369	\$ 247,120	\$ 397,609	\$ 738,705	\$ 245,727
Receipts:							
Local sources	888,943	1,401,757	6,491,098	189,605	1,374,254	1,458,041	266,384
Intermediate sources	380,180	-	-	-	-	-	-
State sources	25,364,953	-	-	-	-	-	-
Federal sources	6,035	-	-	-	-	-	-
Temporary loans	-	70,080	-	4,440	465,365	443,248	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>26,640,111</u>	<u>1,471,837</u>	<u>6,491,098</u>	<u>194,045</u>	<u>1,839,619</u>	<u>1,901,289</u>	<u>266,384</u>
Disbursements:							
Instruction	16,174,135	-	-	-	-	-	-
Support services	9,746,622	21,875	-	-	1,020,106	1,390,213	203,980
Noninstructional services	142,521	-	-	-	-	-	-
Facilities acquisition and construction	80,110	-	-	-	132,116	500	-
Debt service	1,325	1,451,815	6,300,675	454,368	444,099	475,073	89,119
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>26,144,713</u>	<u>1,473,690</u>	<u>6,300,675</u>	<u>454,368</u>	<u>1,596,321</u>	<u>1,865,786</u>	<u>293,099</u>
Excess (deficiency) of receipts over disbursements	<u>495,398</u>	<u>(1,853)</u>	<u>190,423</u>	<u>(260,323)</u>	<u>243,298</u>	<u>35,503</u>	<u>(26,715)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	73,000	-	-	-	-	216	-
Total other financing sources (uses)	<u>73,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>568,398</u>	<u>(1,853)</u>	<u>190,423</u>	<u>(260,323)</u>	<u>243,298</u>	<u>35,719</u>	<u>(26,715)</u>
Cash and investments - ending	<u>\$ 2,597,611</u>	<u>\$ 167,870</u>	<u>\$ 2,315,792</u>	<u>\$ (13,203)</u>	<u>\$ 640,907</u>	<u>\$ 774,424</u>	<u>\$ 219,012</u>

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Retirement/ Severance Bond	Construction	Construction II	School Lunch	Textbook Rental	Self- Insurance	Levy Excess
Cash and investments - beginning	\$ 63,337	\$ 10,019	\$ 159,465	\$ 90,321	\$ 528,679	\$ -	\$ -
Receipts:							
Local sources	39	47	33,437	888,989	633,285	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	19,974	145,238	-	-
Federal sources	-	-	-	966,497	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	252	-	-	-
Total receipts	<u>39</u>	<u>47</u>	<u>33,437</u>	<u>1,875,712</u>	<u>778,523</u>	<u>-</u>	<u>-</u>
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	751,124	4,220	748,645	-	-
Noninstructional services	-	-	-	1,918,276	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>751,124</u>	<u>1,922,496</u>	<u>748,645</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>39</u>	<u>47</u>	<u>(717,687)</u>	<u>(46,784)</u>	<u>29,878</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	593,556	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>593,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>39</u>	<u>47</u>	<u>(124,131)</u>	<u>(46,784)</u>	<u>29,878</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 63,376</u>	<u>\$ 10,066</u>	<u>\$ 35,334</u>	<u>\$ 43,537</u>	<u>\$ 558,557</u>	<u>\$ -</u>	<u>\$ -</u>

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Alternative Education SY 2013	Alternative Education	SAFE School Haven	Early Intervention Grant	Gifts/ Donations I	Gifts/ Donations II	Nancy Snider Memorial Fund
Cash and investments - beginning	\$ 1,348	\$ -	\$ -	\$ -	\$ 3,604	\$ 7,974	\$ -
Receipts:							
Local sources	-	-	-	-	2,887	25,850	6,000
Intermediate sources	-	-	-	-	-	-	-
State sources	-	61,975	10,150	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	39,022	-	-
Total receipts	-	61,975	10,150	-	41,909	25,850	6,000
Disbursements:							
Instruction	-	35,983	-	-	-	1,146	1,000
Support services	1,348	25,991	10,150	-	40,369	-	-
Noninstructional services	-	-	-	-	2,141	9,751	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,348	61,974	10,150	-	42,510	10,897	1,000
Excess (deficiency) of receipts over disbursements	(1,348)	1	-	-	(601)	14,953	5,000
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,348)	1	-	-	(601)	14,953	5,000
Cash and investments - ending	\$ -	\$ 1	\$ -	\$ -	\$ 3,003	\$ 22,927	\$ 5,000

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Hobart Community FDN Grants	Wal-Mart/ Sam's Club	PCGB Agreement Proceeds	Legacy Foundation, Inc.	Transition to Kindergarten	Hobart Educational Foundation	Parents as Teachers 2012-2013
Cash and investments - beginning	\$ -	\$ 1,000	\$ 33,040	\$ 4,094	\$ (5)	\$ 19,838	\$ 504
Receipts:							
Local sources	-	-	15,596	14,007	-	7,900	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	5	-	-
Total receipts	-	-	15,596	14,007	5	7,900	-
Disbursements:							
Instruction	-	-	-	709	-	-	-
Support services	-	-	25,372	4,002	-	5,353	504
Noninstructional services	-	-	-	7,320	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	5	-	-	-
Total disbursements	-	-	25,372	12,036	-	5,353	504
Excess (deficiency) of receipts over disbursements	-	-	(9,776)	1,971	5	2,547	(504)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(9,776)	1,971	5	2,547	(504)
Cash and investments - ending	\$ -	\$ 1,000	\$ 23,264	\$ 6,065	\$ -	\$ 22,385	\$ -

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Parents as Teachers 2013-2014	Parents as Teachers 2014-2015	Empowering Teens as Parents	Lake County Initiative	Parents as Teachers	Formative Assessment	Instruction Support
Cash and investments - beginning	\$ 39,022	\$ 49,067	\$ 581	\$ 255	\$ 50	\$ -	\$ -
Receipts:							
Local sources	-	12,921	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	12,921	-	-	-	-	-
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	18,989	334	255	50	-	-
Noninstructional services	-	199	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	39,022	-	-	-	-	-	-
Total disbursements	39,022	19,188	334	255	50	-	-
Excess (deficiency) of receipts over disbursements	(39,022)	(6,267)	(334)	(255)	(50)	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(39,022)	(6,267)	(334)	(255)	(50)	-	-
Cash and investments - ending	\$ -	\$ 42,800	\$ 247	\$ -	\$ -	\$ -	\$ -

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	High Ability 2013/14	High Ability 2014/15	Secured Schools Safety Grant	NESP SY 2013/2014	NESP SY 2014/2015	NESP SY 2015/2016	School Technology
Cash and investments - beginning	\$ 600	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ 13,503
Receipts:							
Local sources	-	-	-	-	-	-	82,605
Intermediate sources	-	-	-	-	-	-	-
State sources	-	43,029	-	-	10,169	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	43,029	-	-	10,169	-	82,605
Disbursements:							
Instruction	600	43,029	-	2	10,169	-	-
Support services	-	-	25,700	-	-	-	18,307
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	4,666
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	600	43,029	25,700	2	10,169	-	22,973
Excess (deficiency) of receipts over disbursements	(600)	-	(25,700)	(2)	-	-	59,632
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(600)	-	(25,700)	(2)	-	-	59,632
Cash and investments - ending	\$ -	\$ -	\$ (25,700)	\$ -	\$ -	\$ -	\$ 73,135

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Title II 2010-2011 State Connect	Performance Based Awards	Indiana Workforce Development	Senator David Ford Technology	Title I 2015/2016	Title I 2013/2014	Title I 2014/2015
Cash and investments - beginning	\$ 3,443	\$ -	\$ -	\$ -	\$ -	\$ (25,442)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	108,327	20,000	-	-	-	-
Federal sources	-	-	-	-	-	110,134	476,026
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>108,327</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>110,134</u>	<u>476,026</u>
Disbursements:							
Instruction	-	106,840	22,592	-	-	89,071	481,950
Support services	-	-	-	-	-	(9,005)	15,726
Noninstructional services	-	-	-	-	-	4,626	6,747
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>106,840</u>	<u>22,592</u>	<u>-</u>	<u>-</u>	<u>84,692</u>	<u>504,423</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>1,487</u>	<u>(2,592)</u>	<u>-</u>	<u>-</u>	<u>25,442</u>	<u>(28,397)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>1,487</u>	<u>(2,592)</u>	<u>-</u>	<u>-</u>	<u>25,442</u>	<u>(28,397)</u>
Cash and investments - ending	<u>\$ 3,443</u>	<u>\$ 1,487</u>	<u>\$ (2,592)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,397)</u>

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Team Nutrition Training Grants	Title II, Part A 2012-2014	Title II, Part A 2013-2015	Title II, Part A FY 2014/2016	Title II, Part A FY 2015/2017	Title III 2013-2015	Title III 2014-2015
Cash and investments - beginning	\$ -	\$ -	\$ (6,644)	\$ -	\$ -	\$ (793)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	21,712	39,286	25,148	23,766	-	895	16,481
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>21,712</u>	<u>39,286</u>	<u>25,148</u>	<u>23,766</u>	<u>-</u>	<u>895</u>	<u>16,481</u>
Disbursements:							
Instruction	-	-	12,229	26,890	-	-	17,032
Support services	3,766	39,286	6,275	295	-	2	-
Noninstructional services	1,350	-	-	-	-	100	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>5,116</u>	<u>39,286</u>	<u>18,504</u>	<u>27,185</u>	<u>-</u>	<u>102</u>	<u>17,032</u>
Excess (deficiency) of receipts over disbursements	<u>16,596</u>	<u>-</u>	<u>6,644</u>	<u>(3,419)</u>	<u>-</u>	<u>793</u>	<u>(551)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>16,596</u>	<u>-</u>	<u>6,644</u>	<u>(3,419)</u>	<u>-</u>	<u>793</u>	<u>(551)</u>
Cash and investments - ending	<u>\$ 16,596</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,419)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (551)</u>

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Title III 2015-2016	Clearing Accounts	Self- Insurance Clearing	Clearing Flexible Benefits	Clearing Flexible Benefits AF	Transfer of Funds
Cash and investments - beginning	\$ -	\$ 64,744	\$ -	\$ 40,128	\$ -	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other receipts	-	5,190,714	-	237,729	-	760,278
Total receipts	-	5,190,714	-	237,729	-	760,278
Disbursements:						
Instruction	-	-	-	-	-	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	5,223,198	-	201,085	-	760,278
Total disbursements	-	5,223,198	-	201,085	-	760,278
Excess (deficiency) of receipts over disbursements	-	(32,484)	-	36,644	-	-
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(32,484)	-	36,644	-	-
Cash and investments - ending	\$ -	\$ 32,260	\$ -	\$ 76,772	\$ -	\$ -

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Prepaid Food	Clearing Insurance	Clearing Safe Hiring	Credit Card Clearing	TBR Clearing	Totals
Cash and investments - beginning	\$ 16,298	\$ 1,354	\$ 350	\$ -	\$ 787	\$ 7,073,989
Receipts:						
Local sources	-	-	-	-	-	13,793,645
Intermediate sources	-	-	-	-	-	380,180
State sources	-	-	-	-	-	25,783,815
Federal sources	-	-	-	-	-	1,685,980
Temporary loans	-	-	-	-	-	983,133
Other receipts	734,111	172,741	-	-	150,597	7,285,449
Total receipts	<u>734,111</u>	<u>172,741</u>	<u>-</u>	<u>-</u>	<u>150,597</u>	<u>49,912,202</u>
Disbursements:						
Instruction	-	-	-	-	-	17,023,377
Support services	-	-	-	-	-	14,119,854
Noninstructional services	-	-	-	-	-	2,093,031
Facilities acquisition and construction	-	-	-	-	-	217,392
Debt service	-	-	-	-	-	9,216,474
Nonprogrammed charges	731,953	163,702	-	-	150,597	7,269,840
Total disbursements	<u>731,953</u>	<u>163,702</u>	<u>-</u>	<u>-</u>	<u>150,597</u>	<u>49,939,968</u>
Excess (deficiency) of receipts over disbursements	<u>2,158</u>	<u>9,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,766)</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	593,556
Sale of capital assets	-	-	-	-	-	73,216
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>666,772</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,158</u>	<u>9,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>639,006</u>
Cash and investments - ending	<u>\$ 18,456</u>	<u>\$ 10,393</u>	<u>\$ 350</u>	<u>\$ -</u>	<u>\$ 787</u>	<u>\$ 7,712,995</u>

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016

	General	Debt Service	Exempt Debt	Exempt Pension Debt	Capital Projects	School Transportation	School Bus Replacement
Cash and investments - beginning	\$ 2,597,611	\$ 167,870	\$ 2,315,792	\$ (13,203)	\$ 640,907	\$ 774,424	\$ 219,012
Receipts:							
Local sources	1,173,035	1,766,288	7,109,161	15,379	1,492,985	1,498,812	278,716
Intermediate sources	254,105	-	-	-	-	-	-
State sources	25,945,784	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	395,911	-	-	524,747	405,517	131,885
Other receipts	1,672	-	-	-	-	-	-
Total receipts	<u>27,374,596</u>	<u>2,162,199</u>	<u>7,109,161</u>	<u>15,379</u>	<u>2,017,732</u>	<u>1,904,329</u>	<u>410,601</u>
Disbursements:							
Instruction	16,130,145	-	-	-	-	-	-
Support services	9,803,602	303,881	-	-	1,108,443	1,476,968	616,400
Noninstructional services	177,747	-	-	-	-	-	-
Facilities acquisition and construction	97,199	-	-	-	96,753	-	-
Debt service	344	1,836,791	6,445,000	2,176	465,365	443,248	25,507
Nonprogrammed charges	20	-	-	-	-	-	-
Total disbursements	<u>26,209,057</u>	<u>2,140,672</u>	<u>6,445,000</u>	<u>2,176</u>	<u>1,670,561</u>	<u>1,920,216</u>	<u>641,907</u>
Excess (deficiency) of receipts over disbursements	<u>1,165,539</u>	<u>21,527</u>	<u>664,161</u>	<u>13,203</u>	<u>347,171</u>	<u>(15,887)</u>	<u>(231,306)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	13,398	-	-	-	-	-	-
Total other financing sources (uses)	<u>13,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,178,937</u>	<u>21,527</u>	<u>664,161</u>	<u>13,203</u>	<u>347,171</u>	<u>(15,887)</u>	<u>(231,306)</u>
Cash and investments - ending	<u>\$ 3,776,548</u>	<u>\$ 189,397</u>	<u>\$ 2,979,953</u>	<u>\$ -</u>	<u>\$ 988,078</u>	<u>\$ 758,537</u>	<u>\$ (12,294)</u>

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Retirement/ Severance Bond	Construction	Construction II	School Lunch	Textbook Rental	Self- Insurance	Levy Excess
Cash and investments - beginning	\$ 63,376	\$ 10,066	\$ 35,334	\$ 43,537	\$ 558,557	\$ -	\$ -
Receipts:							
Local sources	39	272	-	851,915	528,164	3,145,941	1,396
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	20,805	133,916	-	-
Federal sources	-	-	-	1,310,592	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	492	-	-	-
Total receipts	<u>39</u>	<u>272</u>	<u>-</u>	<u>2,183,804</u>	<u>662,080</u>	<u>3,145,941</u>	<u>1,396</u>
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	933,574	35,334	21,011	653,080	-	-
Noninstructional services	-	-	-	1,969,614	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	2,710,853	-
Total disbursements	<u>-</u>	<u>933,574</u>	<u>35,334</u>	<u>1,990,625</u>	<u>653,080</u>	<u>2,710,853</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>39</u>	<u>(933,302)</u>	<u>(35,334)</u>	<u>193,179</u>	<u>9,000</u>	<u>435,088</u>	<u>1,396</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	990,000	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>990,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>39</u>	<u>56,698</u>	<u>(35,334)</u>	<u>193,179</u>	<u>9,000</u>	<u>435,088</u>	<u>1,396</u>
Cash and investments - ending	<u>\$ 63,415</u>	<u>\$ 66,764</u>	<u>\$ -</u>	<u>\$ 236,716</u>	<u>\$ 567,557</u>	<u>\$ 435,088</u>	<u>\$ 1,396</u>

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Alternative Education SY 2013	Alternative Education	SAFE School Haven	Early Intervention Grant	Gifts/ Donations I	Gifts/ Donations II	Nancy Snider Memorial Fund
Cash and investments - beginning	\$ -	\$ 1	\$ -	\$ -	\$ 3,003	\$ 22,927	\$ 5,000
Receipts:							
Local sources	-	-	-	-	-	41,499	5,500
Intermediate sources	-	-	-	-	-	-	-
State sources	-	37,169	-	509	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	37,169	-	509	-	41,499	5,500
Disbursements:							
Instruction	-	21,433	-	509	-	41,457	451
Support services	-	15,737	12,000	-	8,032	849	-
Noninstructional services	-	-	-	-	(8,031)	7,751	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	1,000
Total disbursements	-	37,170	12,000	509	1	50,057	1,451
Excess (deficiency) of receipts over disbursements	-	(1)	(12,000)	-	(1)	(8,558)	4,049
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1)	(12,000)	-	(1)	(8,558)	4,049
Cash and investments - ending	\$ -	\$ -	\$ (12,000)	\$ -	\$ 3,002	\$ 14,369	\$ 9,049

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Hobart Community FDN Grants	Wal-Mart/ Sam's Club	PCGB Agreement Proceeds	Legacy Foundation, Inc.	Transition to Kindergarten	Hobart Educational Foundation	Parents as Teachers 2012-2013
Cash and investments - beginning	\$ -	\$ 1,000	\$ 23,264	\$ 6,065	\$ -	\$ 22,385	\$ -
Receipts:							
Local sources	1,000	-	15,615	16,000	-	10,062	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	1,000	-	15,615	16,000	-	10,062	-
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	31,787	2,088	-	12,281	-
Noninstructional services	-	-	-	11,269	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	31,787	13,357	-	12,281	-
Excess (deficiency) of receipts over disbursements	1,000	-	(16,172)	2,643	-	(2,219)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,000	-	(16,172)	2,643	-	(2,219)	-
Cash and investments - ending	\$ 1,000	\$ 1,000	\$ 7,092	\$ 8,708	\$ -	\$ 20,166	\$ -

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Parents as Teachers 2013-2014	Parents as Teachers 2014-2015	Empowering Teens as Parents	Lake County Initiative	Parents as Teachers	Formative Assessment	Instruction Support
Cash and investments - beginning	\$ -	\$ 42,800	\$ 247	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	66,776	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	34,658	43,535
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	66,776	-	-	-	34,658	43,535
Disbursements:							
Instruction	-	-	-	-	-	-	43,500
Support services	-	20,820	-	-	-	23,270	-
Noninstructional services	-	10,341	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	11,388	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	31,161	-	-	-	34,658	43,500
Excess (deficiency) of receipts over disbursements	-	35,615	-	-	-	-	35
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	35,615	-	-	-	-	35
Cash and investments - ending	\$ -	\$ 78,415	\$ 247	\$ -	\$ -	\$ -	\$ 35

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	High Ability 2013/14	High Ability 2014/15	Secured Schools Safety Grant	NESP SY 2013/2014	NESP SY 2014/2015	NESP SY 2015/2016	School Technology
Cash and investments - beginning	\$ -	\$ -	\$ (25,700)	\$ -	\$ -	\$ -	\$ 73,135
Receipts:							
Local sources	-	-	-	-	-	-	193,931
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	61,700	-	-	14,725	8,724
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	61,700	-	-	14,725	202,655
Disbursements:							
Instruction	-	-	-	-	-	14,725	-
Support services	-	-	36,000	-	-	-	59,056
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	20,294
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	36,000	-	-	14,725	79,350
Excess (deficiency) of receipts over disbursements	-	-	25,700	-	-	-	123,305
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	25,700	-	-	-	123,305
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,440

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Title II 2010-2011 State Connect	Performance Based Awards	Indiana Workforce Development	Senator David Ford Technology	Title I 2015/2016	Title I 2013/2014	Title I 2014/2015
Cash and investments - beginning	\$ 3,443	\$ 1,487	\$ (2,592)	\$ -	\$ -	\$ -	\$ (28,397)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	186,821	-	2,395	-	-	-
Federal sources	-	-	-	-	468,793	-	131,914
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>186,821</u>	<u>-</u>	<u>2,395</u>	<u>468,793</u>	<u>-</u>	<u>131,914</u>
Disbursements:							
Instruction	-	185,714	(2,592)	-	458,498	-	87,417
Support services	-	-	-	2,395	17,807	-	5,690
Noninstructional services	-	-	-	-	15,682	-	10,410
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>185,714</u>	<u>(2,592)</u>	<u>2,395</u>	<u>491,987</u>	<u>-</u>	<u>103,517</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>1,107</u>	<u>2,592</u>	<u>-</u>	<u>(23,194)</u>	<u>-</u>	<u>28,397</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>1,107</u>	<u>2,592</u>	<u>-</u>	<u>(23,194)</u>	<u>-</u>	<u>28,397</u>
Cash and investments - ending	<u>\$ 3,443</u>	<u>\$ 2,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,194)</u>	<u>\$ -</u>	<u>\$ -</u>

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Team Nutrition Training Grants	Title II, Part A 2012-2014	Title II, Part A 2013-2015	Title II, Part A FY 2014/2016	Title II, Part A FY 2015/2017	Title III 2013-2015	Title III 2014-2015
Cash and investments - beginning	\$ 16,596	\$ -	\$ -	\$ (3,419)	\$ -	\$ -	\$ (551)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	64,217	22,431	-	1,589
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,217</u>	<u>22,431</u>	<u>-</u>	<u>1,589</u>
Disbursements:							
Instruction	-	-	-	48,850	26,288	-	1,118
Support services	3,767	-	-	11,948	-	-	-
Noninstructional services	12,829	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>16,596</u>	<u>-</u>	<u>-</u>	<u>60,798</u>	<u>26,288</u>	<u>-</u>	<u>1,118</u>
Excess (deficiency) of receipts over disbursements	<u>(16,596)</u>	<u>-</u>	<u>-</u>	<u>3,419</u>	<u>(3,857)</u>	<u>-</u>	<u>471</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(16,596)</u>	<u>-</u>	<u>-</u>	<u>3,419</u>	<u>(3,857)</u>	<u>-</u>	<u>471</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,857)</u>	<u>\$ -</u>	<u>\$ (80)</u>

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Title III 2015-2016	Clearing Accounts	Self- Insurance Clearing	Clearing Flexible Benefits	Clearing Flexible Benefits AF	Transfer of Funds
Cash and investments - beginning	\$ -	\$ 32,260	\$ -	\$ 76,772	\$ -	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	12,669	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other receipts	-	4,917,009	372,786	16	241,066	822,331
Total receipts	<u>12,669</u>	<u>4,917,009</u>	<u>372,786</u>	<u>16</u>	<u>241,066</u>	<u>822,331</u>
Disbursements:						
Instruction	12,669	-	-	-	-	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	4,992,958	361,382	45,038	240,984	822,331
Total disbursements	<u>12,669</u>	<u>4,992,958</u>	<u>361,382</u>	<u>45,038</u>	<u>240,984</u>	<u>822,331</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(75,949)</u>	<u>11,404</u>	<u>(45,022)</u>	<u>82</u>	<u>-</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(75,949)</u>	<u>11,404</u>	<u>(45,022)</u>	<u>82</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (43,689)</u>	<u>\$ 11,404</u>	<u>\$ 31,750</u>	<u>\$ 82</u>	<u>\$ -</u>

SCHOOL CITY OF HOBART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Prepaid Food	Clearing Insurance	Clearing Safe Hiring	Credit Card Clearing	TBR Clearing	Totals
Cash and investments - beginning	\$ 18,456	\$ 10,393	\$ 350	\$ -	\$ 787	\$ 7,712,995
Receipts:						
Local sources	-	-	-	-	-	18,212,486
Intermediate sources	-	-	-	-	-	254,105
State sources	-	-	-	-	-	26,490,741
Federal sources	-	-	-	-	-	2,012,205
Temporary loans	-	-	-	-	-	1,458,060
Other receipts	851,505	167,933	-	8,071	-	7,382,881
Total receipts	<u>851,505</u>	<u>167,933</u>	<u>-</u>	<u>8,071</u>	<u>-</u>	<u>55,810,478</u>
Disbursements:						
Instruction	-	-	-	-	-	17,070,182
Support services	-	-	-	-	-	15,215,820
Noninstructional services	-	-	-	-	-	2,207,612
Facilities acquisition and construction	-	-	-	-	-	225,634
Debt service	-	-	-	-	-	9,218,431
Nonprogrammed charges	860,710	154,567	-	7,985	787	10,198,615
Total disbursements	<u>860,710</u>	<u>154,567</u>	<u>-</u>	<u>7,985</u>	<u>787</u>	<u>54,136,294</u>
Excess (deficiency) of receipts over disbursements	<u>(9,205)</u>	<u>13,366</u>	<u>-</u>	<u>86</u>	<u>(787)</u>	<u>1,674,184</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	990,000
Sale of capital assets	-	-	-	-	-	13,398
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,003,398</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(9,205)</u>	<u>13,366</u>	<u>-</u>	<u>86</u>	<u>(787)</u>	<u>2,677,582</u>
Cash and investments - ending	<u>\$ 9,251</u>	<u>\$ 23,759</u>	<u>\$ 350</u>	<u>\$ 86</u>	<u>\$ -</u>	<u>\$ 10,390,577</u>

SCHOOL CITY OF HOBART
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 267,250</u>	<u>\$ 46,322</u>

SCHOOL CITY OF HOBART
SCHEDULE OF LEASES AND DEBT
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Apple Financial Services	Ipad Lease	\$ 216,986	04/17/2014	04/17/2017
Apple Financial Services	Ipad Lease	52,595	08/10/2013	03/10/2017
US Bancorp Government Leasing and Finance Inc.	Chromebooks	170,568	08/01/2015	03/01/2019
US Bancorp Government Leasing and Finance Inc.	Chromebooks	109,334	06/11/2016	03/01/2020
Wells Fargo	5 Xerox Copiers	9,690	12/22/2015	12/08/2020
Wells Fargo	2 Xerox Copiers 2 MRC	46,836	10/31/2013	10/31/2018
Wells Fargo	7 Xerox Copiers	8,160	07/30/2014	07/30/2019
Hobart Building Corporation	Hobart Bldg Corp 2006 Ref Mortgage Bonds (HHS)	6,228,000	07/08/2007	01/05/2029
Hobart Building Corporation	Hobart Bldg Corp 2009 HMS Remodel Mortgage Bond	466,413	07/05/2011	07/05/2028
Total of annual lease payments		<u>\$ 7,308,582</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
	Tax anticipation warrants	Cash flow	\$ 1,432,553	\$ 1,447,632
	Notes and loans payable	Bank of New York Mellon 2009 SIB	530,000	278,405
	Lines of credit	Mastercard BMO Harris Bank	11,218	-
Totals			<u>\$ 1,973,771</u>	<u>\$ 1,726,037</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

Report on Compliance for Each Major Federal Program

We have audited the School City of Hobart's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

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 each of the School Corporation's major federal programs 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 School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

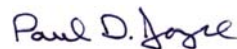
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each 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 School Corporation'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 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-002, 2016-003, and 2016-004 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation'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

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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 prepared by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

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SCHOOL CITY OF HOBART
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

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 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Department of Agriculture							
Child Nutrition Cluster	Indiana Department of Education						
School Breakfast Program		10.553	FY 2014, FY 2015	\$ -	\$ 159,659	\$ -	\$ 240,375
National School Lunch Program		10.555	FY 2014, FY 2015	-	725,726	-	975,970
National School Lunch Program - Commodities		10.555	FY 2014, FY 2015	-	122,660	-	127,766
Total - National School Lunch Program				-	848,386	-	1,103,736
Summer Food Service Program for Children		10.559	FY 2014, FY 2015	-	81,112	-	94,240
Total - Child Nutrition Cluster				-	1,089,157	-	1,438,351
Team Nutrition Grants	Indiana Department of Education						
Team Nutrition/Healthier US		10.574	A58-5-15SS-2445	-	5,117	-	16,596
Total - Department of Agriculture				-	1,094,274	-	1,454,947
Department of Education							
Special Education Cluster (IDEA)	Indiana Department of Education						
Special Education_Grants to States		84.027					
Technical Assistance for Special Education			99914-047-TA01	-	7,308	-	-
IDEA Part B Section 611			14213-047-PN01	-	177	-	-
IDEA Part B Section 611			14214-047-PN01	-	195,454	-	-
IDEA Part B Section 611			14215-047-PN01	-	499,822	-	268,963
IDEA Part B Section 611			14216-047-PN01	-	-	-	469,362
Total - Special Education_Grants to States				-	702,761	-	738,325
Special Education_Preschool Grants		84.173					
IDEA Part B Section 619			45713-047-PN01	-	5,520	-	-
IDEA Part B Section 619			45714-047-PN01	-	9,329	-	3,981
IDEA Part B Section 619			45715-047-PN01	-	-	-	8,217
Total - Special Education_Preschool Grants				-	14,849	-	12,198
Total - Special Education Cluster (IDEA)				-	717,610	-	750,523
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title 1, 2012-13, 4140			13-4700	-	110,134	-	-
Title 1, 2013-14, 4100			14-4700	-	476,026	-	131,914
Title 1, 2014-15, 4110			15-4700	-	-	-	468,793
Total - Title I Grants to Local Educational Agencies				-	586,160	-	600,707
English Language Acquisition State Grants	Indiana Department of Education	84.365					
English Language Acquisition			01114-056-PN01	-	895	-	-
English Language Acquisition			01115-056-PN01	-	16,481	-	1,589
English Language Acquisition			01116-056-PN01	-	-	-	12,669
Total - English Language Acquisition State Grants				-	17,376	-	14,258
Improving Teacher Quality State Grants	Indiana Department of Education	84.367					
Title II, Part A			S367A130013	-	39,286	-	-
Title II, Part A			S367A140013	-	25,148	-	64,217
Title II, Part A			S367A150013	-	23,766	-	22,431
Total - Improving Teacher Quality State Grants				-	88,200	-	86,648
Total - Department of Education				-	1,409,346	-	1,452,136
Department of Homeland Security							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036	385PA4173000000	-	6,035	-	-
Total - Department of Homeland Security				-	6,035	-	-
Total federal awards expended				\$ -	\$ 2,509,655	\$ -	\$ 2,907,083

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

Note 3. Special Education Cooperative

The School Corporation is a member of a Special Education Cooperative. As a result, some activity for the Special Education Cluster (IDEA) that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Special Education Cooperative.

SCHOOL 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 weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	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 Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster
	Special Education Cluster (IDEA)
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2016-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition

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

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts, payroll disbursements, and the Schedule of Expenditures of Federal Awards (SEFA).

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

Receipts: Documentation of a review process to verify that receipts were properly recorded in the correct fund and account and for correct amount, was not evidenced.

Payroll Disbursements: The Payroll Clerk inputted, prepared, recorded, and remitted payroll disbursements without evidence of a proper system of oversight or review.

SEFA: One employee prepared and submitted the SEFA without evidence of a proper system of oversight or review in place to prevent, or detect and correct, errors on the SEFA.

2. Monitoring of Controls: The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting required the School Corporation to monitor and assess the quality of the system of internal control.

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; . . . Accurate and timely recording of transactions. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators.

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

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

Cause

Management of the School Corporation had not established a proper system of internal controls related to receipts, payroll disbursements, and the SEFA.

Effect

The failure to implement controls could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that controls may not have been either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

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

FINDING 2016-002 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, ELIGIBILITY, PROGRAM INCOME, REPORTING, SPECIAL TESTS AND PROVISIONS - VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014, FY 2015

Pass-Through Entity: Indiana Department of Education

This is a partial repeat of Finding 2014-002 from the immediate prior year.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Program Income, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

The School Corporation did not have proper controls over the payroll and related employer costs posted to the School Lunch fund. The Food Service Director approved hours worked by food service employees; however, evidence of an adequate oversight or review process of the actual disbursement of payroll and related employer costs charged to the School Lunch fund was not documented.

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

*Eligibility and Special Tests and Provisions - Verifications
of Free and Reduced Price Applications (NSLP)*

The School Corporation had not designed or implemented adequate policies or procedures to ensure that students' eligibility for free and reduced price lunches was properly determined or that the applications for free and reduced price lunches were verified in compliance with program requirements. One employee was solely responsible for the eligibility determinations and verifications.

A computer software program was used to determine eligibility; however, one employee manually entered family information into the computer software program without a proper system of oversight or review to ensure correct information was entered. In addition, the School Corporation did not have procedures in place to ensure that eligibility guidelines in the software program were accurate.

Program Income

The Food Service department prepared a monthly spreadsheet reflecting the monthly program income activity from the point of sale software system. Only the monthly spreadsheet was provided to the School Corporation's Treasurer for the monthly posting of program income to the School Lunch fund. Evidence of an adequate oversight or review process of the spreadsheet to the point of sale software reports or the subsequent posting of the receipt information to the School Lunch fund was not evidenced.

Reporting

One person completed and submitted the monthly Sponsor Claim (claim for reimbursement), the Annual Financial Reports, and the School Food Authority (SFA) Verification Collection Report without a proper system of oversight or review.

Context

The lack of controls was a systemic problem. There was no evidence of controls over Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Program Income, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements throughout the audit period.

Criteria

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. . . ."

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

The School Corporation failed to establish a proper internal control structure to ensure compliance with requirements associated with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Program Income, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. The lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Program Income, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Views of Responsible Officials

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

FINDING 2016-003 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, PERIOD OF AVAILABILITY/PERFORMANCE, REPORTING

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 13-4700, 14-4700, 15-4700

Pass-Through Entity: Indiana Department of Education

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

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the compliance requirements for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Availability of Federal Funds, and Reporting.

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Availability of Federal Funds

The School Corporation had a system of review in place for the disbursements posted to the Title I grant funds; however, the review was not properly documented and there was no evidence that the reviews were conducted timely.

Cash Management and Reporting

School Corporation officials indicated that one employee prepared and submitted the Reimbursement Form as well as the Final Expenditure Reports without a proper system of oversight or review.

Context

The lack of controls was a systemic problem. There was no evidence of controls over Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Availability of Federal Funds or a proper system of oversight or review over Cash Management and Reporting throughout the audit period.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

The School Corporation failed to design and implement or establish a proper internal control structure to ensure compliance with requirements associated with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Availability of Federal Funds, and Reporting compliance requirements.

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

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. The lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Availability/Performance, and Reporting compliance requirements.

Views of Responsible Officials

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

FINDING 2016-004 - SPECIAL TESTS AND PROVISIONS - ANNUAL REPORT CARD, HIGH SCHOOL GRADUATION RATE

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 13-4700, 14-4700, 15-4700

Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the requirements for the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement. The School Corporation incorrectly reported all students not attending school as mobile or transfer students.

Context

There were three instances where the paperwork clearly stated that the student was dropping out; however, the School Corporation did not report the removal by using a drop out code. Ten of the files for students removed from the cohort had no paperwork or indication that the student had left the School Corporation. Thirty of the eighty-six total students were listed on the 2015 and 2016 Graduation Cohort Status Report as mobile. Thirteen of the thirty students tested did not have the required supporting documentation to substantiate moving them from the cohort for mobility reasons.

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

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

34 CFR 200.19(b) states in part:

"*High schools*—(1) *Graduation rate*. Consistent with paragraphs (b)(4) and (b)(5) of this section regarding reporting and determining AYP, respectively, each State must calculate a graduation rate, defined as follows, for all public high schools in the State:

(i)(A) A State must calculate a 'four-year adjusted cohort graduation rate,' defined as the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for that graduating class. . . .

(ii) The term 'adjusted cohort' means the students who enter grade 9 (or the earliest high school grade) and any students who transfer into the cohort in grades 9 through 12 minus any students removed from the cohort.

(A) The term 'students who transfer into the cohort' means the students who enroll after the beginning of the entering cohort's first year in high school, up to and including in grade 12.

(B) To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased.

(1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. . . .

(2) *Transitional graduation rate*.

(i) Prior to the deadline in paragraph (b)(4)(ii)(A) of this section, a State must calculate graduation rate as defined in paragraph (b)(1) of this section or use, on a transitional basis—

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

(A) A graduation rate that measures the percentage of students from the beginning of high school who graduate with a regular high school diploma in the standard number of years; or . . .

(ii) For a transitional graduation rate calculated under paragraph (b)(2)(i) of this section—

(A) 'Regular high school diploma' has the same meaning as in paragraph (b)(1)(iv) of this section;

(B) 'Standard number of years' means four years unless a high school begins after ninth grade, in which case the standard number of years is the number of grades in the school; and

(C) A dropout may not be counted as a transfer. . . ."

Cause

The School Corporation had not developed a system of internal controls to ensure compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

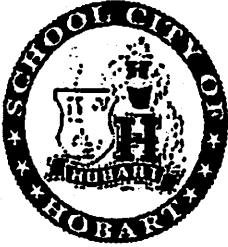
Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-002

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana
Department of Education

Contact Person Responsible for Corrective Action: Nancy Smith

Contact Phone Number: 219-947-2413

Status of Audit Finding:

Payroll Disbursements – The payroll/business department is still working on creating a payroll disbursement report that shows the hours, pay rate, gross pay and fund that the Director of Food Service will review, approve and sign prior to actual disbursement of payroll.

Procurement and Suspension and Debarment – Beginning June 2015, the bid submitted to the School Board of Trustees included the bids from vendors along with the SAM search results for each of the vendors to comply with procurement rules.

Reporting – During the 2016-2017 SY, The Director of Food Services compiles the information used to submit claims for meal reimbursement and then the report is reviewed by the secretary. Beginning SY 2016-2017 the annual financial report is completed by the director of food services and then reviewed and signed by the secretary.

(Title)

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003

Fiscal year in which the finding initially occurred: 2014

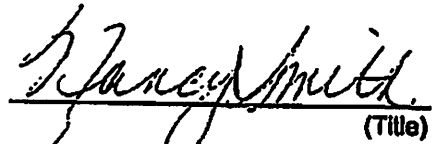
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana
Department of Education

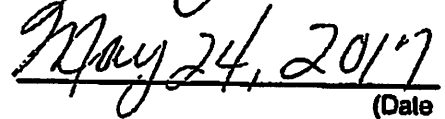
Contact Person Responsible for Corrective Action: Nancy Smith

Contact Phone Number: 219-947-2413

Status of Audit Finding:

Allowable Costs SY 2016-2017 we have complied with Allowable Cost Requirements by correcting the distribution of all employ to ensure that they directly relate to the Food Service Program.


(Title)


(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



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CORRECTIVE ACTION PLAN

FINDING 2016-001 – INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Contact Person Responsible for Corrective Action: Ted J. Zembala
Contact Phone Number: (219) 945-0250

Description of Corrective Action Plan:

1. **Lack of Segregation of Duties:** The school corporation agrees the separation of duties is an important function of internal controls. In spite of a reduction in staff due to the last recession, the school corporation's goal is to prevent any one staff member to have total control of any business function. To assist in this process, strong review processes are in place to identify errors and/or questionable transactions. The school corporation acknowledges that there needs to be additional separation in the payroll process. This issue is addressed under Payroll Disbursements.

Receipts: The school corporation treasurer keeps documentation to support that receipts are properly recorded in the correct fund, account, and for the correct amount. An example of a receipt for Title I is attached.

The school corporation business manager will develop a review process to verify the documentation provided by the corporation treasurer. This review process will be inclusive of all corporation fund accounts. Evidentiary documentation of the review process will be included.

Anticipated Completion Date: 12/2017

Payroll Disbursements: Subsequent to the audit period, the school corporation began using software that eliminates the need for the payroll clerk to input payroll. Attendance and hours worked are entered at the building level then uploaded into the corporation payroll software. The payroll clerk then checks for errors and makes corrections. All corrections are reviewed and approved by the Director of Human Resources and Compliance. The business manager has created a review process that can identify duplicate payments, questionable entries and distribution amounts.

To complement the review process, the business manager will be in contact with the school corporation's financial/payroll software vendor to assist in creating payroll edits that will identify inconsistencies

Anticipated Completion Date: Dependent on software vendor.

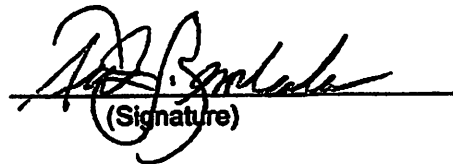
SEFA: The school corporation treasurer prepares the SEFA report. The school corporation business manager will review the SEFA report for accuracy.

Evidentiary documentation that the review process occurred will be included.

Anticipated Completion Date: Immediate



2. **Monitoring of Controls:** The process the school corporation utilizes to monitor controls is to communicate with appropriate staff through phone conversations, emails, and face-to-face meetings regarding financial/payroll processes. Conversations include but are not limited to: Federal and state grants, tax levied funds, state and federal funding, impact of current and proposed legislation, payroll transactions, receipt transactions, purchasing disbursements, bond payments, staffing, pupil enrollment, development of processes that increase accuracy and efficiency, discussing and developing ways to prevent recurring errors, maintaining and creating a variety of analytics to monitor and continue financial integrity and to forecast future initiatives.


(Signature)

Business Manager
(Title)

06/22/2017
(Date)



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CORRECTIVE ACTION PLAN

FINDING 2016-002

Contact Person Responsible for Corrective Action: Nancy Smith
Contact Phone Number: 219-947-2413

Activities Allowed or Unallowed and Allowable Costs/Cost Principles – Our software company, Veritime is working to create a payroll disbursement report that shows the hours, pay rate, gross pay and fund that the Director of Food Service will review, approve and sign prior to actual disbursement of payroll.

Anticipated completion date: SY 2017-2018

Eligibility and Special Test and Provisions-Verifications – The eligibility guidelines are reviewed by the food service director and the food service secretary then copies printed and signed after it is determine that the information is correctly entered in the software system.

Anticipated completion date: Immediate

Program Income – Documentation of the information that is entered into the food service monthly spreadsheet that is submitted monthly to the School Corporation's Treasurer will be included as evidence for proper posting and receipting to the School Lunch fund.

Anticipated completion date: Immediate

Reporting- The monthly claims for reimbursement, annual financial reports and the Verification summary are prepared by the food service secretary, reviewed by the food service director and then entered into the DOE website the food service director and reviewed by the food service secretary. These steps are verified by dual signatures on the claim reports.

Anticipated completion date: Immediate

Context- The food service department is now providing evidence of internal controls by requiring dual signatures/initials on all necessary documents. Copies of source documents are included with all reports when information is gathered and entered into a spreadsheet or form.

Anticipated completion date: Immediate

Nancy Smith, Director of Food Services

June 22, 2017





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FINDING 2016-003 – ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, PERIOD OF AVAILABILITY/PERFORMANCE, AND REPORTING

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number: 12-4700, 14-4700, 15-4700

Contact Person Responsible for Corrective Action: Sara Gutierrez, Title I Director - Ted J. Zembala, Business Manager
Contact Phone Number: (219) 945-0250

Description of Corrective Action Plan:

Payroll and employer paid benefits are the only expenditures included in the Title I grant. The Superintendent and Title I Director discuss, plan and determine Title I staffing. The discussion results are communicated to the business office. The Title I Director and Business Manager work together to complete the Title I application. The payroll distribution ledger is forwarded to the Title I director no less than on a monthly basis to ensure staff paid from Title I is accurate. The business manager reviews Title I payroll no less than on a monthly basis to ensure the amount paid to staff is accurate and appropriate. The payroll distribution records are then reconciled with the financial records. Inaccuracies or questionable distributions are discussed with the Title I Director and the business office. The Title I Director approves corrections.

Due to continued Federal reductions in Title I funding, it is unlikely that future Title I budgets will include non-payroll allocations. However, the school corporation concurs that, a documented internal control system that includes activities relative to Allowable/Unallowable costs, Cash Management, and Reporting should be created and retained.

The Director of Title I, the Business Manager, and other appropriate staff will meet prior to the end of 2017 to discuss and compile a documented internal control system.

Anticipated Completion Date: 12/2017



(Signature)

Business Manager
(Title)

06/22/2017
(Date)



HOBART HIGH SCHOOL

2211 East 10th Street, Hobart, IN 46342
Phone: (219) 942-8521 Fax: (219) 942-3326



Angela Patrick, Principal

College & Career Ready

FINDING 2016-004

Contact Person Responsible for Corrective Action: Angela Patrick, Principal
Contact Phone Number: (219) 942-8521

Description of Corrective Action Plan:

The principal or her designee will review all files/documentation for any student removed from the graduation cohort report for mobility reasons. A checklist to assist in the review process follows.

The following procedures have been put in place for ensuring all cohort changes / mobility coding / student withdraws are done correctly. Secretary will use this as a check off form to ensure completion of all steps.

1. Parent comes in to withdraw (Will attend another school / homeschool)

- Parent completes Student Withdrawal Form BP 5130 F4.
- Parent signs and secretary completes the HHS Withdraw Checkout List Form
- Secretary ensures books / technology has been returned. (Books placed in teacher's box)
- Secretary scans and uploads BP 5130 F4 to Skyward
- Secretary prints out current grades and current class schedule from Skyward and puts in student's cumulative file.
- Secretary officially withdraws student using appropriate code.
- Secretary sends an email to ALL STAFF with the student's name and that they have been withdrawn.
- Secretary completes student withdraw verification and staples to inside of students cumulative file.
- Secretary gives file to principal to review.
- File is returned to proper location in the cumulative file room.

2. Request of Records is sent from new school.

- Secretary scans and uploads the official records request document to Skyward.
- Secretary ensures books / technology has been returned. (Books placed in teacher's box)
- Secretary prints out current grades and current class schedule from Skyward and puts in student's cumulative file.
- Secretary officially withdraws student using appropriate code.
- Secretary sends an email to ALL STAFF with the student's name and that they have been withdrawn.
- Secretary completes student withdraw verification and staples to inside of students



HOBART HIGH SCHOOL

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Angela Patrick, Principal

College & Career Ready

cumulative file.

- Secretary gives file to principal to review.
- File is returned to proper location in the cumulative file room.



3. **Student and Parent request an Exit Interview for student to earn GED.**

- Parent completes Student Withdrawal Form BP 5130 F4.
- Parent signs and secretary completes the HHS Withdraw Checkout List Form
- Secretary ensures books/technology has been returned. (Books placed in teacher's box)
- Secretary prints out current grades and current class schedule from Skyward and puts in student's cumulative file.
- Secretary scans and uploads BP 5130 F4 to Skyward
- Exit Interview with Principal is set up.
- Principal Reviews DOE Hardship PPT.
- Official Exit Interview form is signed by Principal and Superintendent
- Copy of Exit Interview paperwork is uploaded to Skyward
- Secretary officially withdraws student using appropriate code.
- Secretary sends an email to ALL STAFF with the student's name and that they have been withdrawn
- Secretary completes student withdraw verification and staples to inside of students cumulative file.
- Secretary gives file to principal to review.
- File is returned to proper location in the cumulative file room.

OTHER REPORTS

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