

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF SCHNEIDER
LAKE COUNTY, INDIANA

January 1, 2015 to December 31, 2015



FILED
08/26/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jenny L. Beier	01-01-15 to 12-31-19
President of the Town Council	Richard E. Ludlow Stephen A. Wilson	01-01-15 to 12-31-15 01-01-16 to 12-31-16
Water and Wastewater Director	Kevin Gray	01-01-15 to 12-31-16



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF SCHNEIDER, LAKE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Town of Schneider (Town), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

As discussed in Note 1 of the financial statement, the Town 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 Town for the year ended December 31, 2015.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2016, on our consideration of the Town'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 Town's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

June 30, 2016



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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 TOWN OF SCHNEIDER, 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 Town of Schneider (Town), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement, and have issued our report thereon dated June 30, 2016, wherein we noted the Town 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 Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Town's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001.

Town of Schneider's Response to Findings

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


Paul D. Joyce, CPA
State Examiner

June 30, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

TOWN OF SCHNEIDER
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
GENERAL FUND	\$ 54,657	\$ 154,609	\$ 124,473	\$ 84,793
MVH	16,932	22,025	29,369	9,588
LRS	80,018	6,232	-	86,250
LLCE	885	400	1,243	42
DEFERRAL PROGRAM	11,214	15,492	6,521	20,185
CEDIT	3,762	8,690	5,804	6,648
MAJOR MOVES	8,086	-	-	8,086
CUM CAP DEVELOPMENT	147	4,045	4,000	192
CUM CAPITAL IMPROVEMENT	1,244	696	321	1,619
RIVERBOAT	9,183	2,864	1,281	10,766
CAGIT	1,617	9,548	8,312	2,853
AGENCY FUND	2,361	23,173	22,023	3,511
DONATIONS	1,467	1,150	872	1,745
FIRE	10,716	26,395	28,496	8,615
INNKEEPERS TAX FUND	16,039	4,725	8,668	12,096
PAYROLL FUND	4,538	126,494	126,379	4,653
WASTEWATER OPERATING	(36,043)	113,715	82,963	(5,291)
WASTEWATER BOND & INTEREST	-	34,231	17,731	16,500
WATER OPERATING	(13,502)	112,290	90,775	8,013
WATER CUST DEPOSIT	4,749	940	403	5,286
SRFDW BOND ANTICIPATION NOTE	-	1,611,349	1,611,349	-
SRFDW BOND AND INTEREST	6,439	17,773	15,768	8,444
SRFDW DEBT SERVICE RESERVE	916	3,663	-	4,579
WATER BOND AND INTEREST	-	17,773	17,773	-
Totals	<u>\$ 185,425</u>	<u>\$ 2,318,272</u>	<u>\$ 2,204,524</u>	<u>\$ 299,173</u>

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

TOWN OF SCHNEIDER
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

TOWN OF SCHNEIDER
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

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

E. Disbursements

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

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

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

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

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

TOWN OF SCHNEIDER
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the Town 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 Town 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 Town 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.

TOWN OF SCHNEIDER
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. *Deposits and Investments*

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

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

Note 5. *Risk Management*

The Town 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 Town 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. *Cash Balance Deficits*

The financial statement contains a fund with a deficit in cash. This is a result of disbursements exceeding receipts in the Wastewater Operating fund.

OTHER INFORMATION - UNAUDITED

The Town's Annual Financial Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

The other information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF SCHNEIDER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	GENERAL FUND	MVH	LRS	LLCE	DEFERRAL PROGRAM
Cash and investments - beginning	\$ 54,657	\$ 16,932	\$ 80,018	\$ 885	\$ 11,214
Receipts:					
Taxes	89,002	10,498	-	-	-
Licenses and permits	2,242	-	-	150	-
Intergovernmental receipts	8,664	11,527	6,232	-	-
Charges for services	29,768	-	-	-	-
Fines and forfeits	127	-	-	250	-
Utility fees	-	-	-	-	-
Other receipts	24,806	-	-	-	15,492
Total receipts	<u>154,609</u>	<u>22,025</u>	<u>6,232</u>	<u>400</u>	<u>15,492</u>
Disbursements:					
Personal services	52,798	14,749	-	-	-
Supplies	2,119	9,786	-	-	2,744
Other services and charges	45,843	2,846	-	1,243	3,777
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	23,713	1,988	-	-	-
Total disbursements	<u>124,473</u>	<u>29,369</u>	<u>-</u>	<u>1,243</u>	<u>6,521</u>
Excess (deficiency) of receipts over disbursements	<u>30,136</u>	<u>(7,344)</u>	<u>6,232</u>	<u>(843)</u>	<u>8,971</u>
Cash and investments - ending	<u>\$ 84,793</u>	<u>\$ 9,588</u>	<u>\$ 86,250</u>	<u>\$ 42</u>	<u>\$ 20,185</u>

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

	CREDIT	MAJOR MOVES	CUM CAP DEVELOPMENT	CUM CAPITAL IMPROVEMENT	RIVERBOAT
Cash and investments - beginning	\$ 3,762	\$ 8,086	\$ 147	\$ 1,244	\$ 9,183
Receipts:					
Taxes	-	-	4,045	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	8,690	-	-	696	2,864
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	-	-	-	-
Total receipts	<u>8,690</u>	<u>-</u>	<u>4,045</u>	<u>696</u>	<u>2,864</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	5,804	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	4,000	321	1,281
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>5,804</u>	<u>-</u>	<u>4,000</u>	<u>321</u>	<u>1,281</u>
Excess (deficiency) of receipts over disbursements	<u>2,886</u>	<u>-</u>	<u>45</u>	<u>375</u>	<u>1,583</u>
Cash and investments - ending	<u>\$ 6,648</u>	<u>\$ 8,086</u>	<u>\$ 192</u>	<u>\$ 1,619</u>	<u>\$ 10,766</u>

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

	<u>CAGIT</u>	<u>AGENCY FUND</u>	<u>DONATIONS</u>	<u>FIRE</u>	<u>INNKEEPERS TAX FUND</u>
Cash and investments - beginning	\$ 1,617	\$ 2,361	\$ 1,467	\$ 10,716	\$ 16,039
Receipts:					
Taxes	-	-	-	21,623	4,725
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	9,548	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	23,173	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	-	1,150	4,772	-
Total receipts	<u>9,548</u>	<u>23,173</u>	<u>1,150</u>	<u>26,395</u>	<u>4,725</u>
Disbursements:					
Personal services	5,113	-	-	-	-
Supplies	-	-	872	3,253	-
Other services and charges	3,199	9,373	-	1,382	3,628
Debt service - principal and interest	-	-	-	19,089	-
Capital outlay	-	-	-	-	5,040
Utility operating expenses	-	-	-	-	-
Other disbursements	-	12,650	-	4,772	-
Total disbursements	<u>8,312</u>	<u>22,023</u>	<u>872</u>	<u>28,496</u>	<u>8,668</u>
Excess (deficiency) of receipts over disbursements	<u>1,236</u>	<u>1,150</u>	<u>278</u>	<u>(2,101)</u>	<u>(3,943)</u>
Cash and investments - ending	<u>\$ 2,853</u>	<u>\$ 3,511</u>	<u>\$ 1,745</u>	<u>\$ 8,615</u>	<u>\$ 12,096</u>

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

	PAYROLL FUND	WASTEWATER OPERATING	WASTEWATER BOND & INTEREST	WATER OPERATING	WATER CUST DEPOSIT
Cash and investments - beginning	\$ 4,538	\$ (36,043)	\$ -	\$ (13,502)	\$ 4,749
Receipts:					
Taxes	-	-	-	12,779	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	107,440	-	98,902	-
Other receipts	126,494	6,275	34,231	609	940
Total receipts	<u>126,494</u>	<u>113,715</u>	<u>34,231</u>	<u>112,290</u>	<u>940</u>
Disbursements:					
Personal services	-	22,367	-	25,707	-
Supplies	-	-	-	-	-
Other services and charges	-	3,247	-	3,637	-
Debt service - principal and interest	-	-	17,731	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	20,784	-	38,669	403
Other disbursements	126,379	36,565	-	22,762	-
Total disbursements	<u>126,379</u>	<u>82,963</u>	<u>17,731</u>	<u>90,775</u>	<u>403</u>
Excess (deficiency) of receipts over disbursements	<u>115</u>	<u>30,752</u>	<u>16,500</u>	<u>21,515</u>	<u>537</u>
Cash and investments - ending	<u>\$ 4,653</u>	<u>\$ (5,291)</u>	<u>\$ 16,500</u>	<u>\$ 8,013</u>	<u>\$ 5,286</u>

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

	SRFDW BOND ANTICIPATION NOTE	SRFDW BOND AND INTEREST	SRFDW DEBT SERVICE RESERVE	WATER BOND AND INTEREST	Totals
Cash and investments - beginning	\$ -	\$ 6,439	\$ 916	\$ -	\$ 185,425
Receipts:					
Taxes	-	-	-	-	142,672
Licenses and permits	-	-	-	-	2,392
Intergovernmental receipts	1,611,349	-	-	-	1,659,570
Charges for services	-	-	-	-	29,768
Fines and forfeits	-	-	-	-	23,550
Utility fees	-	-	-	-	206,342
Other receipts	-	17,773	3,663	17,773	253,978
Total receipts	<u>1,611,349</u>	<u>17,773</u>	<u>3,663</u>	<u>17,773</u>	<u>2,318,272</u>
Disbursements:					
Personal services	-	-	-	-	120,734
Supplies	-	-	-	-	18,774
Other services and charges	-	-	-	-	83,979
Debt service - principal and interest	-	15,768	-	-	52,588
Capital outlay	-	-	-	-	10,642
Utility operating expenses	-	-	-	-	59,856
Other disbursements	1,611,349	-	-	17,773	1,857,951
Total disbursements	<u>1,611,349</u>	<u>15,768</u>	<u>-</u>	<u>17,773</u>	<u>2,204,524</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>2,005</u>	<u>3,663</u>	<u>-</u>	<u>113,748</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 8,444</u>	<u>\$ 4,579</u>	<u>\$ -</u>	<u>\$ 299,173</u>

TOWN OF SCHNEIDER
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2015

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ -	\$ 19,663
Water	575	10,497
Governmental activities	-	2,342
Totals	\$ 575	\$ 32,502

TOWN OF SCHNEIDER
SCHEDULE OF DEBT
December 31, 2015

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	Fire Truck Loan	\$ 24,429	\$ 19,089
Wastewater:			
Revenue bonds	Wastewater Bond 2005	65,106	17,731
Water:			
Revenue bonds	Waterworks Refunding Revenue Bonds Series 2014 - refunded 2006 Bonds	57,502	12,128
Revenue bonds	Waterworks Revenue Bonds Series 2014 - Improvements to the system	228,500	5,669
Notes and loans payable	SRF Forgivable BAN of 2014	1,925,000	-
Total Water		2,211,002	17,797
Totals		\$ 2,300,537	\$ 54,617

TOWN OF SCHNEIDER
SCHEDULE OF CAPITAL ASSETS
December 31, 2015

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

	Ending Balance
Governmental activities:	
Land	\$ 243,529
Infrastructure	865,225
Buildings	397,146
Improvements other than buildings	13,706
Machinery, equipment, and vehicles	410,116
Total governmental activities	1,929,722
Wastewater:	
Land	5,660
Infrastructure	541,332
Buildings	99,512
Improvements other than buildings	95,532
Machinery, equipment, and vehicles	685,429
Total Wastewater	1,427,465
Water:	
Land	2,248
Infrastructure	1,005,322
Buildings	118,969
Improvements other than buildings	804,369
Machinery, equipment, and vehicles	38,729
Total Water	1,969,637
Total capital assets	\$ 5,326,824

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE TOWN OF SCHNEIDER, LAKE COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the Town of Schneider's (Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2015. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

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


Report on Internal Control over Compliance

Management of the Town 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 Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

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


Paul D. Joyce, CPA
State Examiner

June 30, 2016

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

TOWN OF SCHNEIDER
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Environmental Protection Agency</u>					
Drinking Water State Revolving Fund Cluster					
Capitalization Grants for Drinking Water State Revolving Funds	Indiana Finance Authority				
Water Infrastructure Project		66.468	DW13024501	\$ -	\$ 1,611,349
Total - Drinking Water State Revolving Fund Cluster				-	1,611,349
Total federal awards expended				\$ -	\$ 1,611,349

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

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

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-133, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The Town has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

TOWN OF SCHNEIDER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Drinking Water State Revolving Fund Cluster	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs: \$750,000	
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

FINDING 2015-001 - FINANCIAL TRANSACTIONS AND REPORTING

Condition

There were several deficiencies in the internal control system of the Town related to financial transactions and reporting that we considered to be material weaknesses. The Town had not separated incompatible activities related to receipts and disbursements, including vendor and payroll and related benefits disbursements.

The Clerk-Treasurer issued the official receipts, recorded the receipts to the computerized accounting system, prepared the bank deposits, and took the deposits to the bank. The Clerk-Treasurer also prepared, recorded, and reconciled vendor (non-payroll) disbursements. The Clerk-Treasurer generated the payroll transactions and recorded them to the computerized accounting system. The Town had not designed or implemented adequate segregation of duties such as an oversight, review, or approval process.

TOWN OF SCHNEIDER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Ledger, Gateway Annual Report, and the financial statement for 2015 did not properly reflect the financial activity of the Town. The activity of the Water Utility's State Revolving Loan (SRF) was not included which underreported receipts by \$1,632,785; disbursements by \$1,627,118; and the ending cash and investment balance by \$13,023.

Audit adjustments were proposed, accepted by the Clerk-Treasurer, and made to the financial statement.

Criteria

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Cause

Management of the Town had not established a proper system of internal control.

Effect

The failure to establish these controls would have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system would have placed the Town 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.

Control activities should be in place to reduce the risks of errors in financial reporting.

Views of Responsible Officials

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

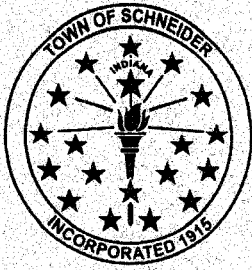
Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the Town. The document is presented as intended by the Town.



CORRECTIVE ACTION PLAN

FINDING 2015-001-FINANCIAL TRANSACTIONS AND REPORTING

Contact Person Responsible for Corrective Action: Jenny Beier
Contact Phone Number: 219-552-0661

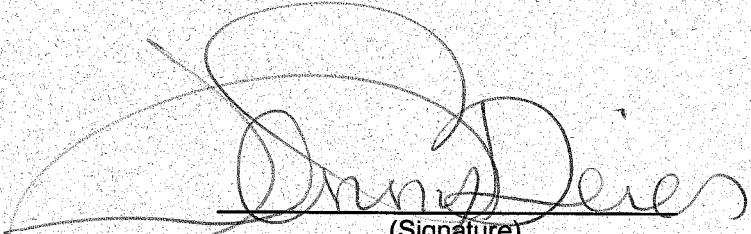
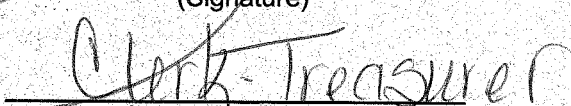
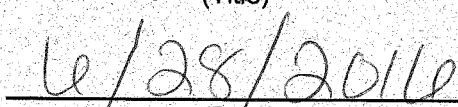
Views of Responsible Official:
We do not concur with the finding.

Description of Corrective Action Plan:

The Town of Schneider does implement internal control procedures that give reliability and assurance of our financial information and records. Because of the size of the town of Schneider, we do not have the staff for a proper segregation of duties. We do have a system of how needs are purchased, how invoices are checked, how payments are made, and how they are approved. The format of internal controls is mostly verbal but because of new legislation, the Town Council will implement this format in writing.

All financial transactions relating to the Town of Schneider are recorded in the records. Records pertaining to the SRF loan are documented accurately in written form. The Clerk-Treasurer will take efforts to transfer that information to the Town's computerized records.

Anticipated Completion Date: February 28, 2017


(Signature)

(Title)

(Date)

OTHER REPORTS

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