

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF MUNSTER
LAKE COUNTY, INDIANA

January 1, 2016 to December 31, 2016



FILED
12/01/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	David F. Shafer	01-01-16 to 12-31-19
President of the Town Council	John P. Reed Joseph A. Simonetto	01-01-16 to 12-31-16 01-01-17 to 12-31-17
Town Manager	Dustin Anderson	01-01-16 to 12-31-17



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Town of Munster (Town), which comprises the financial position and results of operations for the year ended December 31, 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 (Indiana Code 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 to 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, 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 Town for the year ended December 31, 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 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 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.

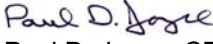
Other Information

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 Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 17, 2017, 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

October 17, 2017



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 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 MUNSTER, 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 Munster (Town), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement, and have issued our report thereon dated October 17, 2017, 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 Town'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

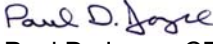
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

October 17, 2017

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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 MUNSTER
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
General	\$ 1,875,151	\$ 5,075,440	\$ 5,961,898	\$ 988,693
Motor Vehicle Highway	852,296	1,375,639	1,443,204	784,731
Local Road And Street	47,437	312,851	205,244	155,044
Economic Development Operating	8,786	-	7,800	986
Law Enforcement Continuing Ed	12,189	33,226	39,006	6,409
Parks And Recreation	298,407	2,826,648	2,474,710	650,345
LOIT Special Distribution	-	688,228	-	688,228
Levy Excess	1,559	-	1,559	-
Cumulative Capl Imprv Cigarette Tax	60,727	60,158	28,221	92,664
Cumulative Capital Development	233,528	513,377	440,179	306,726
CEDIT	721,036	1,587,813	838,114	1,470,735
Riverboat Capital Project	62,828	203,744	159,239	107,333
Police Pension	606,143	671,158	667,946	609,355
CAGIT	851,963	620,875	426,386	1,046,452
Rental Property Inspect	51,725	9,000	45	60,680
EDC Bond Proceeds	422,007	5,444,703	4,472,636	1,394,074
Electric Fund	101,599	615,599	547,351	169,847
Lease Proceeds Fund	19,349	254,370	236,269	37,450
Donations	41,986	32,652	36,945	37,693
Technology Fund	640,511	574,896	449,976	765,431
Sewer Maintenance	5,207	2,283,086	2,277,799	10,494
Special Asset Forfeiture Nr	36,357	64	10,275	26,146
Federal Grants	-	88,860	87,789	1,071
Municipal Bond B&I Nonexempt	396,971	1,892,421	2,042,180	247,212
Redevelopment Bond B&I	241,817	810,469	703,118	349,168
Park Bond B&I Nonexempt	375,854	1,898,036	2,044,222	229,668
Municipal Complex	394,750	1,361,863	1,229,137	527,476
Redevelopment Reserve Fund	736,555	600,000	736,555	600,000
EDC Bond & Interest Fund	59,113	4,458,175	2,837,944	1,679,344
EDC Bond Reserve Fund	3,046,724	371,021	-	3,417,745
Corporation Bond (Proceeds)	2,550,249	1,970,000	1,281,159	3,239,090
Park Bond (Proceeds)	1,795,349	1,970,000	1,207,617	2,557,732
Redevelopment Operating	92,994	160,446	136,982	116,458
Redevelopment Capital Improvements	116,595	104,313	86,030	134,878
Local Major Moves Construction	141,294	78,745	-	220,039
Rainy Day Fund	400,000	509	-	400,509
TIF Allocation Fund	2,641,888	5,249,703	5,055,385	2,836,206
Medical/Life Insurance Escrow	19,940	2,024,319	2,039,795	4,464
Liability Insurance Escrow	653,111	1,286,303	941,627	997,787
Park Donation Non-Reverting	109,426	206,378	199,192	116,612
Park Land Escrow	11,520	-	-	11,520
Payroll	25,829	10,933,297	10,932,201	26,925
Intergovernmental Collection	276,971	1,945,482	1,936,106	286,347
Insurance Payments	-	469,776	469,776	-
Escrow Fund	283,541	318,958	389,422	213,077
Solid Waste-Operating	1,007,439	1,995,945	2,164,269	839,115
Water Utility-Operating	1,361,252	4,474,378	3,951,433	1,884,197
Water Utility-Customer Deposit	112,755	41,810	35,155	119,410
Totals	\$ 23,802,728	\$ 67,894,734	\$ 61,231,896	\$ 30,465,566

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

TOWN OF MUNSTER
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.

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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

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

TOWN OF MUNSTER
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Utility fees. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

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

E. Disbursements

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

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

Supplies. Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

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

TOWN OF MUNSTER
NOTES TO FINANCIAL STATEMENT
(Continued)

Debt service - principal and interest. Amounts disbursed for 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.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

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

F. Interfund Transfers

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

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. 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 Town. 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 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.

TOWN OF MUNSTER
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The 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. 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

TOWN OF MUNSTER
NOTES TO FINANCIAL STATEMENT
(Continued)

of the system, and give the Town 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 and the Town has elected to do so.

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.

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

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

Plan Description

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

TOWN OF MUNSTER
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Funding Policy

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

Note 7. Holding Corporation

The Town has entered into a capital lease with the Town of Munster Municipal Center 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 Town. The lessor has been determined to be a related-party of the Town. Lease payments during the year 2016 totaled \$1,220,000.

Note 8. Subsequent Events

In August 2017, the Town issued \$3,215,000 of Economic Development Revenue Bonds to be repaid by Tax Increment Financing (TIF) revenues. Prior to the 2017 year end, the Town intends to issue \$1,970,000 in Municipal General Obligation Bonds as well as \$1,970,000 in Park Bonds for infrastructure and park improvements, respectively.

Note 9. Other Postemployment Benefits

The Town provides medical and dental insurance to eligible retirees and their spouses. Employees who retire with 20 or more years of service can opt to remain on the Town's medical and dental insurance plan. Retirees taking this option must pay the COBRA rates for the chosen coverage level. The Town is a member of the AIM Medical Trust for health insurance. Retirees opting for postemployment health insurance pay their premiums to the Trust. All medical claims are handled through the Trust. The Town's self-funded Medical/Life Insurance Escrow fund covers the cost of dental claims only. The dental benefits pose a liability to the Town for this year and in future years. Information regarding the benefits can be obtained by contacting the Town.

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

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

TOWN OF MUNSTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	General	Motor Vehicle Highway	Local Road And Street	Economic Development Operating	Law Enforcement Continuing Ed	Parks And Recreation	LOIT Special Distribution
Cash and investments - beginning	\$ 1,875,151	\$ 852,296	\$ 47,437	\$ 8,786	\$ 12,189	\$ 298,407	\$ -
Receipts:							
Taxes	2,927,849	327,608	-	-	-	1,811,811	687,592
Licenses and permits	1,042,873	-	-	-	-	-	-
Intergovernmental receipts	766,241	811,744	311,053	-	-	116,789	-
Charges for services	180,093	219,376	-	-	25,450	881,592	-
Fines and forfeits	115,447	-	-	-	7,776	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	42,937	16,911	1,798	-	-	16,456	636
Total receipts	<u>5,075,440</u>	<u>1,375,639</u>	<u>312,851</u>	<u>-</u>	<u>33,226</u>	<u>2,826,648</u>	<u>688,228</u>
Disbursements:							
Personal services	5,202,151	822,896	-	-	-	1,457,151	-
Supplies	101,681	101,877	171,559	-	1,514	227,648	-
Other services and charges	650,370	518,431	33,685	7,800	37,492	778,061	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	7,010	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	686	-	-	-	-	11,850	-
Total disbursements	<u>5,961,898</u>	<u>1,443,204</u>	<u>205,244</u>	<u>7,800</u>	<u>39,006</u>	<u>2,474,710</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(886,458)</u>	<u>(67,565)</u>	<u>107,607</u>	<u>(7,800)</u>	<u>(5,780)</u>	<u>351,938</u>	<u>688,228</u>
Cash and investments - ending	<u>\$ 988,693</u>	<u>\$ 784,731</u>	<u>\$ 155,044</u>	<u>\$ 986</u>	<u>\$ 6,409</u>	<u>\$ 650,345</u>	<u>\$ 688,228</u>

TOWN OF MUNSTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016
 (Continued)

	Levy Excess	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development	CEDIT	Riverboat Capital Project	Police Pension	CAGIT
Cash and investments - beginning	\$ 1,559	\$ 60,727	\$ 233,528	\$ 721,036	\$ 62,828	\$ 606,143	\$ 851,963
Receipts:							
Taxes	-	-	482,239	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	60,158	31,138	921,421	193,744	670,840	554,528
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	666,392	10,000	318	66,347
Total receipts	-	60,158	513,377	1,587,813	203,744	671,158	620,875
Disbursements:							
Personal services	-	-	2,392	-	-	646	169,253
Supplies	-	-	108,438	-	60,965	-	82,036
Other services and charges	-	28,221	166,241	838,114	97,082	667,300	109,386
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	163,108	-	1,192	-	65,711
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,559	-	-	-	-	-	-
Total disbursements	1,559	28,221	440,179	838,114	159,239	667,946	426,386
Excess (deficiency) of receipts over disbursements	(1,559)	31,937	73,198	749,699	44,505	3,212	194,489
Cash and investments - ending	\$ -	\$ 92,664	\$ 306,726	\$ 1,470,735	\$ 107,333	\$ 609,355	\$ 1,046,452

TOWN OF MUNSTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016
 (Continued)

	Rental Property Inspect	EDC Bond Proceeds	Electric Fund	Lease Proceeds Fund	Donations	Technology Fund	Sewer Maintenance
Cash and investments - beginning	\$ 51,725	\$ 422,007	\$ 101,599	\$ 19,349	\$ 41,986	\$ 640,511	\$ 5,207
Receipts:							
Taxes	-	-	-	-	-	-	984,989
Licenses and permits	9,000	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	615,599	-	-	574,578	1,141,809
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	5,444,703	-	254,370	32,652	318	156,288
Total receipts	9,000	5,444,703	615,599	254,370	32,652	574,896	2,283,086
Disbursements:							
Personal services	-	-	-	-	-	170,215	1,027,892
Supplies	-	-	566	-	-	57,866	73,790
Other services and charges	45	662,833	546,785	-	-	177,056	326,266
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	3,809,803	-	236,269	-	44,839	359,851
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	36,945	-	490,000
Total disbursements	45	4,472,636	547,351	236,269	36,945	449,976	2,277,799
Excess (deficiency) of receipts over disbursements	8,955	972,067	68,248	18,101	(4,293)	124,920	5,287
Cash and investments - ending	\$ 60,680	\$ 1,394,074	\$ 169,847	\$ 37,450	\$ 37,693	\$ 765,431	\$ 10,494

TOWN OF MUNSTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016
 (Continued)

	Special Asset Forfeiture Nr	Federal Grants	Municipal Bond B&I Nonexempt	Redevelopment Bond B&I	Park Bond B&I Nonexempt	Municipal Complex	Redevelopment Reserve Fund
Cash and investments - beginning	\$ 36,357	\$ -	\$ 396,971	\$ 241,817	\$ 375,854	\$ 394,750	\$ 736,555
Receipts:							
Taxes	-	-	1,779,567	761,361	1,788,740	1,284,224	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	88,860	107,621	46,088	108,199	77,639	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	64	-	5,233	3,020	1,097	-	600,000
Total receipts	64	88,860	1,892,421	810,469	1,898,036	1,361,863	600,000
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	3,421	-	-	-	-	-	-
Other services and charges	6,854	-	3,750	2,500	4,800	9,137	-
Debt service - principal and interest	-	-	2,038,430	700,618	2,039,422	1,220,000	736,555
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	87,789	-	-	-	-	-
Total disbursements	10,275	87,789	2,042,180	703,118	2,044,222	1,229,137	736,555
Excess (deficiency) of receipts over disbursements	(10,211)	1,071	(149,759)	107,351	(146,186)	132,726	(136,555)
Cash and investments - ending	\$ 26,146	\$ 1,071	\$ 247,212	\$ 349,168	\$ 229,668	\$ 527,476	\$ 600,000

TOWN OF MUNSTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016
 (Continued)

	EDC Bond & Interest Fund	EDC Bond Reserve Fund	Corporation Bond (Proceeds)	Park Bond (Proceeds)	Redevelopment Operating	Redevelopment Capital Improvements	Local Major Moves Construction
Cash and investments - beginning	\$ 59,113	\$ 3,046,724	\$ 2,550,249	\$ 1,795,349	\$ 92,994	\$ 116,595	\$ 141,294
Receipts:							
Taxes	-	-	-	-	150,700	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	9,746	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	4,458,175	371,021	1,970,000	1,970,000	-	104,313	78,745
Total receipts	4,458,175	371,021	1,970,000	1,970,000	160,446	104,313	78,745
Disbursements:							
Personal services	-	-	-	-	93,101	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	7,550	-	495	4,954	43,881	86,030	-
Debt service - principal and interest	2,830,394	-	-	-	-	-	-
Capital outlay	-	-	1,280,664	1,202,663	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	2,837,944	-	1,281,159	1,207,617	136,982	86,030	-
Excess (deficiency) of receipts over disbursements	1,620,231	371,021	688,841	762,383	23,464	18,283	78,745
Cash and investments - ending	\$ 1,679,344	\$ 3,417,745	\$ 3,239,090	\$ 2,557,732	\$ 116,458	\$ 134,878	\$ 220,039

TOWN OF MUNSTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016
 (Continued)

	Rainy Day Fund	TIF Allocation Fund	Medical/Life Insurance Escrow	Liability Insurance Escrow	Park Donation Non-Reverting	Park Land Escrow	Payroll
Cash and investments - beginning	\$ 400,000	\$ 2,641,888	\$ 19,940	\$ 653,111	\$ 109,426	\$ 11,520	\$ 25,829
Receipts:							
Taxes	-	4,447,131	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	282,866	-	-	70,756	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	509	519,706	2,024,319	1,286,303	135,622	-	10,933,297
Total receipts	509	5,249,703	2,024,319	1,286,303	206,378	-	10,933,297
Disbursements:							
Personal services	-	12,426	2,035,529	855,826	-	-	-
Supplies	-	102	-	32	3,002	-	-
Other services and charges	-	307,686	4,266	85,769	4,602	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	288,000	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	4,447,171	-	-	191,588	-	10,932,201
Total disbursements	-	5,055,385	2,039,795	941,627	199,192	-	10,932,201
Excess (deficiency) of receipts over disbursements	509	194,318	(15,476)	344,676	7,186	-	1,096
Cash and investments - ending	\$ 400,509	\$ 2,836,206	\$ 4,464	\$ 997,787	\$ 116,612	\$ 11,520	\$ 26,925

TOWN OF MUNSTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016
 (Continued)

	Intergovernmental Collection	Insurance Payments	Escrow Fund	Solid Waste-Operating	Water Utility-Operating	Water Utility-Customer Deposit	Totals
Cash and investments - beginning	\$ 276,971	\$ -	\$ 283,541	\$ 1,007,439	\$ 1,361,252	\$ 112,755	\$ 23,802,728
Receipts:							
Taxes	-	-	-	129,514	-	-	17,563,325
Licenses and permits	25,025	-	-	-	-	-	1,076,898
Intergovernmental receipts	-	-	-	-	-	-	4,875,809
Charges for services	1,903,161	-	679	1,865,795	-	-	7,761,754
Fines and forfeits	-	-	-	-	-	-	123,223
Utility fees	-	-	-	-	3,590,002	41,810	3,631,812
Penalties	-	-	-	-	127,058	-	127,058
Other receipts	17,296	469,776	318,279	636	757,318	-	32,734,855
Total receipts	1,945,482	469,776	318,958	1,995,945	4,474,378	41,810	67,894,734
Disbursements:							
Personal services	-	-	-	195,601	802,988	-	12,848,067
Supplies	-	-	-	17,417	-	-	1,011,914
Other services and charges	1,936,106	-	344,520	1,951,251	474,914	-	10,924,233
Debt service - principal and interest	-	-	-	-	-	-	9,565,419
Capital outlay	-	-	3,763	-	110,061	-	7,572,934
Utility operating expenses	-	-	-	-	2,358,470	35,155	2,393,625
Other disbursements	-	469,776	41,139	-	205,000	-	16,915,704
Total disbursements	1,936,106	469,776	389,422	2,164,269	3,951,433	35,155	61,231,896
Excess (deficiency) of receipts over disbursements	9,376	-	(70,464)	(168,324)	522,945	6,655	6,662,838
Cash and investments - ending	\$ 286,347	\$ -	\$ 213,077	\$ 839,115	\$ 1,884,197	\$ 119,410	\$ 30,465,566

TOWN OF MUNSTER
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2016

Government or Enterprise	Accounts Payable	Accounts Receivable
Solid Waste	\$ 151,559	\$ 162,158
Water	83,680	328,058
Governmental activities	<u>843,941</u>	<u>326,555</u>
Totals	<u>\$ 1,079,180</u>	<u>\$ 816,771</u>

TOWN OF MUNSTER
SCHEDULE OF LEASES AND DEBT
December 31, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
American Capital	2013 Generator & Police Vehicles (T/U)	\$ 135,990	06/15/2013	12/15/2017
Town of Munster Municipal Center Corporation	Construction of Centennial Park	1,220,000	01/15/2008	07/15/2024
Public Finance.com/Old National Bank	2012 Pump Station Generator (S)	29,723	12/15/2012	06/15/2017
Public Finance.com/Old National Bank	2011 Methane Generator (P)	288,000	07/15/2012	01/15/2019
PublicFinance.com/Old National Bank	2014 Pump Station Generator (X)	85,350	12/15/2014	06/15/2019
PublicFinance.com/SunTrust	2015 Police Vehicles (AA)	66,424	07/15/2015	01/15/2018
PublicFinance.com/SunTrust	2016 Police Vehicles (AC)	88,776	01/15/2017	07/15/2019
US Bank	2016 Copiers	25,652	09/29/2016	09/29/2021
Yamaha Motor Corporation USA	2014 Golf Carts (Y)	1,826	07/01/2014	07/01/2018
Yamaha Motor Corporation USA	2014 Golf Carts (Z)	1,772	07/01/2014	07/01/2018
Yamaha Motor Corporation USA	2016 Golf Carts (AD)	23,479	12/02/2015	10/01/2020
Total of annual lease payments		<u>\$ 1,966,992</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2013 Municipal Bond - Infrastructure Improvements	\$ 470,000	\$ 475,640
General obligation bonds	2014 Municipal Bond - Infrastructure Improvements	970,000	510,478
General obligation bonds	2015 Municipal Bond - Infrastructure Improvements	1,470,000	520,444
General obligation bonds	2016 Municipal Bond - Infrastructure Improvements	470,000	475,913
General obligation bonds	2013 Park Bond - Park Improvements & Equipment	970,000	510,478
General obligation bonds	2014 Park Bond - Park Improvements & Equipment	1,470,000	518,023
General obligation bonds	2015 Park Bond - Park Improvements & Equipment	1,970,000	545,656
General obligation bonds	2016 Park Bond - Park Improvements & Equipment	5,740,000	659,413
General obligation bonds	2016 Special District Refunding Bonds - Calumet and 45th Munster Business Complex	1,970,000	533,164
Revenue bonds	2016 Economic Development Bond - Centennial Village Project	5,855,000	242,616
Revenue bonds	2010 Economic Development Bond - Munster Shops Project	4,120,000	406,680
Revenue bonds	2011 Economic Development Bond - Lake Business Center Redevelopment	17,220,000	1,677,753
Revenue bonds	2013 Economic Development Bond - Munster Steel Co. Project & Other Infrastructure Projects	6,080,000	639,500
Revenue bonds	2013 Economic Development Bond - Land O'Frost Project	2,420,000	113,896
Totals		<u>\$ 51,195,000</u>	<u>\$ 7,829,654</u>

TOWN OF MUNSTER
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2016

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	\$ 37,259,596
Infrastructure	162,675,852
Buildings	8,981,328
Improvements other than buildings	28,192,124
Machinery, equipment, and vehicles	10,950,082
Books and other	919,593
Total Governmental activities	248,978,575
Water:	
Land	288,548
Infrastructure	21,407,646
Buildings	3,863,636
Machinery, equipment, and vehicles	3,595,447
Total Water	29,155,277
Total capital assets	\$ 278,133,852

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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 MUNSTER, LAKE COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the Town of Munster'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, 2016. 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, 2016.

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

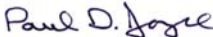
Report on Internal Control over Compliance

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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


Paul D. Joyce, CPA
State Examiner

October 17, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

TOWN OF MUNSTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 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	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Urban and Community Forestry Program 2014 Great Lakes Restoration Initiative (GLRI) Grant	Indiana Department of Natural Resources	10.675	EDS #E9-16-GLRIMEAB2	\$ -	\$ 10,000
Total - Department of Agriculture				-	10,000
<u>Department of Justice</u>					
Bulletproof Vest Partnership Program Bulletproof Vest Replacement Program	Direct Grant	16.607	FY 2014-15	-	2,678
Equitable Sharing Program Special Asset Forfeiture	Direct Grant	16.922	FY 2016	-	10,276
Total - Department of Justice				-	12,954
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction 2009 Calumet Ave Grade Separation	Indiana Department of Transportation	20.205	DES #0710056	-	741,940
Total - Highway Planning and Construction Cluster				-	741,940
Total - Department of Transportation				-	741,940
<u>National Endowment for the Humanities</u>					
Promotion of the Arts Partnership Agreements 2016 Indiana Regional Arts Partnership 2017 Indiana Regional Arts Partnership	South Shore Arts	45.025	NEA #15-6100-2016 NEA #16-6100-2018	-	1,180 3,180
Total - National Endowment for the Humanities				-	4,360
<u>Department of Homeland Security</u>					
Homeland Security Grant Program 2014 SHSP District #1 LE Strike Team	Indiana Department of Homeland Security	97.067	EMW #2014-SS-00138	-	65,711
Total - Department of Homeland Security				-	65,711
Total federal awards expended				\$ -	\$ 834,965

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

TOWN OF MUNSTER
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, 2016. 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-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The Town has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

TOWN OF MUNSTER
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?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

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

Name of Federal Program or Cluster	Opinion Issued
Highway Planning and Construction Cluster	Unmodified

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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/>.