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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF LOWELL
LAKE COUNTY, INDIANA

January 1, 2013 to December 31, 2013

FILED
12/05/2014

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SCHEDULE OF OFFICIALS

Office	Official	Term
Clerk-Treasurer	Judith Walters	01-01-12 to 12-31-15
President of the Town Council	Edgar Corns	01-01-13 to 12-31-14

STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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, 2013.

Opinion on Regulatory Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 28, 2014, 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.

Accompanying Information

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

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.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

October 28, 2014

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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 LOWELL, 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 Lowell (Town), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated October 28, 2014, 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.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 2013-001.

Town of Lowell'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
Paul D. Joyce, CPA
State Examiner

October 28, 2014

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

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	$ 526,741	$ 3,294,830	$ 3,270,990	$ 550,581
Motor Vehicle Highway	149,364	939,575	904,974	183,965
Local Road And Street	86,728	94,464	44,378	136,814
Abandoned Vehicle	774	-	-	774
Law Enforcement Continuing Ed	46,678	24,849	35,358	36,169
Clerk's Records Perpetuation	15,687	5,616	1,846	19,457
Gambling Revenue	357,679	127,551	61,956	423,274
Parks And Recreation	15,093	463,372	478,212	253
Adult Probation Services	18,468	19,803	23,518	14,753
Cumulative Capital Development	588,405	136,847	102,738	622,514
Park Cap Improvement	21,519	-	-	21,519
Cum Building & Equipt	184,133	37,706	127,552	94,287
Cumulative Capital Improvement	113,787	24,901	80,085	58,603
TIF - Allocation Fund	-	9	-	9
Police Pension	102,617	84,393	75,195	111,815
Lowell Town Court	89,382	596,671	598,698	87,355
Debt Service	2,230	139,925	119,069	23,086
2013 GO Bond Fund	-	659,190	27,487	631,703
Petty Cash	225	-	-	225
Donations	12,215	30,737	28,044	14,908
Solid Waste Non-Rev	186,032	669,037	697,492	157,577
Park Gift	8,313	6,027	8,192	6,148
Sidewalk & Yard Escrow	8,570	138,938	11,000	136,508
Police Grant	3,692	69,221	69,221	3,692
Unclaimed Property	268	-	-	268
Public Safety-Welfare	4,853	-	4,853	-
Freedom Park	13,304	32,814	34,296	11,822
Park Bond (Payments)	63,806	57,974	59,578	62,202
Cumulative Sewer	209,652	-	51,912	157,740
Cum Non-Rev Insurance	29,122	1,253	97	30,278
Cum Economic Develop	4,781	4,770	4,736	4,815
Payroll	855	3,207,471	3,207,254	1,072
Cafe-Section 125	-	80,875	80,875	-
SRF Lowell WW	-	2,255,304	2,255,304	-
SRF Lowell WW DSR	1,074,919	-	-	1,074,919
SRF Lowell WW Bond & Interest	947,853	1,064,448	984,248	1,028,053
Wastewater Utility-Operating	437,682	2,554,655	2,677,281	315,056
Wastewater Util-Bond And Interest	327,788	1,109,018	1,064,448	372,358
Wastewater Utility-Deprec/Improve	3,420,900	2,431,280	1,352,888	4,499,292
Wastewater Utility-Customer Deposit	77,450	8,850	6,925	79,375
Water Utility-Operating	410,913	2,048,827	2,167,219	292,521
Water Utility-Bond And Interest	195,933	330,350	492,570	33,713
Water Utility-Depreciation/Improve	827,814	240,494	-	1,068,308
Water Utility-Customer Deposit	85,413	11,379	9,640	87,152
Water Utility-Debt Reserve	331,059	45	71	331,033
Stormwater Utility	-	256,641	46,580	210,061
Totals	$ 11,002,697	$ 23,260,110	$ 21,266,780	$ 12,996,027

The notes to the financial statement are an integral part of this 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, electric, gas, storm water, trash, aviation, 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 taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the 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: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

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

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

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

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

Penalties which include fees received for late payments.

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

E. Disbursements

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

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

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

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

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

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

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

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

F. Interfund Transfers

The 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.

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. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the 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.

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

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

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.

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

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

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

Funding Policy

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

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SUPPLEMENTARY INFORMATION - UNAUDITED

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

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the 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 supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

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

	General	Motor Vehicle Highway	Local Road And Street	Abandoned Vehicle	Law Enforcement Continuing Ed	Clerk's Records Perpetuation	Gambling Revenue
Cash and investments - beginning	$ 526,741	$ 149,364	$ 86,728	$ 774	$ 46,678	$ 15,687	$ 357,679
Receipts:							
Taxes	1,794,523	360,581	-	-	-	-	-
Licenses and permits	222,079	-	-	-	-	-	-
Intergovernmental	253,151	320,364	92,626	-	-	-	110,031
Charges for services	29,681	1,740	-	-	-	-	-
Fines and forfeits	101,645	-	-	-	24,849	5,616	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	893,751	256,890	1,838	-	-	-	17,520
Total receipts	3,294,830	939,575	94,464	-	24,849	5,616	127,551
Disbursements:							
Personal services	1,701,923	389,704	-	-	-	-	-
Supplies	93,385	97,060	-	-	-	1,316	-
Other services and charges	624,880	117,240	-	-	7,900	530	42,631
Debt service - principal and interest	-	-	42,540	-	-	-	-
Capital outlay	-	75,560	1,838	-	27,458	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	850,802	225,410	-	-	-	-	19,325
Total disbursements	3,270,990	904,974	44,378	-	35,358	1,846	61,956
Excess (deficiency) of receipts over disbursements	23,840	34,601	50,086	-	(10,509)	3,770	65,595
Cash and investments - ending	$ 550,581	$ 183,965	$ 136,814	$ 774	$ 36,169	$ 19,457	$ 423,274

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

	Parks And Recreation	Adult Probation Services	Cumulative Capital Development	Park Cap Improvement	Cum Building & Equipt	Cumulative Capital Improvement	TIF - Allocation Fund
Cash and investments - beginning	$ 15,093	$ 18,468	$ 588,405	$ 21,519	$ 184,133	$ 113,787	$ -
Receipts:							
Taxes	177,550	-	121,818	-	32,586	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	21,905	-	15,029	-	4,020	24,901	9
Charges for services	54,138	-	-	-	1,100	-	-
Fines and forfeits	-	19,803	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	209,779	-	-	-	-	-	-
Total receipts	463,372	19,803	136,847	-	37,706	24,901	9
Disbursements:							
Personal services	187,814	19,108	-	-	-	-	-
Supplies	34,657	-	-	-	-	-	-
Other services and charges	45,050	4,410	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	102,738	-	127,452	80,085	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	210,691	-	-	-	100	-	-
Total disbursements	478,212	23,518	102,738	-	127,552	80,085	-
Excess (deficiency) of receipts over disbursements	(14,840)	(3,715)	34,109	-	(89,846)	(55,184)	9
Cash and investments - ending	$ 253	$ 14,753	$ 622,514	$ 21,519	$ 94,287	$ 58,603	$ 9

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

	Police Pension	Lowell Town Court	Debt Service	2013 GO Bond Fund	Petty Cash	Donations	Solid Waste Non-Rev
Cash and investments - beginning	$ 102,617	$ 89,382	$ 2,230	$ -	$ 225	$ 12,215	$ 186,032
Receipts:							
Taxes	-	-	112,986	-	-	-	-
Licenses and permits	-	-	-	-	-	-	450
Intergovernmental	-	-	13,939	-	-	-	48,730
Charges for services	84,373	-	-	-	-	-	619,832
Fines and forfeits	-	596,671	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	20	-	13,000	659,190	-	30,737	25
Total receipts	84,393	596,671	139,925	659,190	-	30,737	669,037
Disbursements:							
Personal services	75,030	-	-	-	-	-	-
Supplies	-	-	-	-	-	28,044	-
Other services and charges	165	-	-	27,487	-	-	-
Debt service - principal and interest	-	-	114,069	-	-	-	-
Capital outlay	-	-	-	-	-	-	66,665
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	598,698	5,000	-	-	-	630,827
Total disbursements	75,195	598,698	119,069	27,487	-	28,044	697,492
Excess (deficiency) of receipts over disbursements	9,198	(2,027)	20,856	631,703	-	2,693	(28,455)
Cash and investments - ending	$ 111,815	$ 87,355	$ 23,086	$ 631,703	$ 225	$ 14,908	$ 157,577

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

	Park Gift	Sidewalk & Yard Escrow	Police Grant	Unclaimed Property	Public Safety-Welfare	Freedom Park	Park Bond (Payments)
Cash and investments - beginning	$ 8,313	$ 8,570	$ 3,692	$ 268	$ 4,853	$ 13,304	$ 63,806
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	27,000	-
Charges for services	-	138,938	-	-	-	5,802	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	6,027	-	69,221	-	-	12	57,974
Total receipts	6,027	138,938	69,221	-	-	32,814	57,974
Disbursements:							
Personal services	-	-	21,727	-	-	9,232	-
Supplies	7,960	-	-	-	-	4,508	-
Other services and charges	232	-	-	-	-	11,324	300
Debt service - principal and interest	-	-	-	-	-	-	59,278
Capital outlay	-	-	-	-	4,853	9,232	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	11,000	47,494	-	-	-	-
Total disbursements	8,192	11,000	69,221	-	4,853	34,296	59,578
Excess (deficiency) of receipts over disbursements	(2,165)	127,938	-	-	(4,853)	(1,482)	(1,604)
Cash and investments - ending	$ 6,148	$ 136,508	$ 3,692	$ 268	$ -	$ 11,822	$ 62,202

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

	Cumulative Sewer	Cum Non-Rev Insurance	Cum Economic Develop	Payroll	Cafe-Section 125	SRF Lowell WW	SRF Lowell WW DSR
Cash and investments - beginning	$ 209,652	$ 29,122	$ 4,781	$ 855	$ -	$ -	$ 1,074,919
Receipts:							
Taxes	-	-	4,770	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	1,253	-	3,207,471	80,875	2,255,304	-
Total receipts	-	1,253	4,770	3,207,471	80,875	2,255,304	-
Disbursements:							
Personal services	-	97	-	-	80,875	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	43,718	-	4,736	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	2,255,304	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	8,194	-	-	3,207,254	-	-	-
Total disbursements	51,912	97	4,736	3,207,254	80,875	2,255,304	-
Excess (deficiency) of receipts over disbursements	(51,912)	1,156	34	217	-	-	-
Cash and investments - ending	$ 157,740	$ 30,278	$ 4,815	$ 1,072	$ -	$ -	$ 1,074,919

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

	SRF Lowell WW Bond & Interest	Wastewater Utility-Operating	Wastewater Util - Bond And Interest	Wastewater Utility - Deprec/Imrpove	Wastewater Utility - Customer Deposit	Water Utility - Operating
Cash and investments - beginning	$ 947,853	$ 437,682	$ 327,788	$ 3,420,900	$ 77,450	$ 410,913
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	2,513,514	-	-	8,850	1,946,865
Penalties	-	40,792	-	-	-	18,193
Other receipts	1,064,448	349	1,109,018	2,431,280	-	83,769
Total receipts	1,064,448	2,554,655	1,109,018	2,431,280	8,850	2,048,827
Disbursements:						
Personal services	-	644,743	-	-	-	569,861
Supplies	-	-	-	-	-	-
Other services and charges	-	75,740	-	-	-	54,082
Debt service - principal and interest	-	-	1,064,448	-	-	-
Capital outlay	-	48,312	-	46,891	-	22,678
Utility operating expenses	-	825,355	-	-	-	823,819
Other disbursements	984,248	1,083,131	-	1,305,997	6,925	696,779
Total disbursements	984,248	2,677,281	1,064,448	1,352,888	6,925	2,167,219
Excess (deficiency) of receipts over disbursements	80,200	(122,626)	44,570	1,078,392	1,925	(118,392)
Cash and investments - ending	$ 1,028,053	$ 315,056	$ 372,358	$ 4,499,292	$ 79,375	$ 292,521

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

	Water Utility - Bond And Interest	Water Utility - Depreciation/Improve	Water Utility - Customer Deposit	Water Utility - Debt Reserve	Stormwater Utility	Totals
Cash and investments - beginning	$ 195,933	$ 827,814	$ 85,413	$ 331,059	$ -	$ 11,002,697
Receipts:						
Taxes	-	-	-	-	-	2,604,814
Licenses and permits	-	-	-	-	-	222,529
Intergovernmental	-	-	-	-	-	931,705
Charges for services	-	-	-	-	-	935,604
Fines and forfeits	-	-	-	-	-	748,584
Utility fees	-	-	11,379	-	256,641	4,737,249
Penalties	-	-	-	-	-	58,985
Other receipts	330,350	240,494	-	45	-	13,020,640
Total receipts	330,350	240,494	11,379	45	256,641	23,260,110
Disbursements:						
Personal services	-	-	-	-	22,500	3,722,614
Supplies	-	-	-	-	-	266,930
Other services and charges	-	-	-	-	-	1,060,425
Debt service - principal and interest	492,170	-	-	-	-	1,772,505
Capital outlay	-	-	-	-	1,998	2,871,064
Utility operating expenses	-	-	-	-	22,048	1,671,222
Other disbursements	400	-	9,640	71	34	9,902,020
Total disbursements	492,570	-	9,640	71	46,580	21,266,780
Excess (deficiency) of receipts over disbursements	(162,220)	240,494	1,739	(26)	210,061	1,993,330
Cash and investments - ending	$ 33,713	$ 1,068,308	$ 87,152	$ 331,033	$ 210,061	$ 12,996,027

TOWN OF LOWELL
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2013

Government or Enterprise	Accounts Payable	Accounts Receivable
Lowell Wastewater Utility	$ 21,765	$ 81,995
Lowell Water Utility	21,882	87,709
Governmental activities	86,488	31,373
Lowell Stormwater Utility	-	15,791
Totals	$ 130,135	$ 216,868

TOWN OF LOWELL
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Sovereign Bank N.A.	2012 Street Sweeper	$ 42,540	6/15/2013	6/15/2017
Sun Trust Equipt Finance	2012 E-One Aerial FireTruck	43,776	1/15/2014	7/15/2023
Total of annual lease payments		$ 86,316		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	2002 Park Bonds	$ 375,000	$ 57,374
General obligation bonds	2013 General Bonds	800,000	60,660
Total governmental activities		1,175,000	118,034
Lowell Wastewater Utility:			
General obligation bonds	Sewage Works Bonds of 2005	5,600,000	577,640
General obligation bonds	Sewage Work Revenue Bonds of 2011	6,740,000	491,196
Total Lowell Wastewater Utility		12,340,000	1,068,836
Lowell Water Utility:			
General obligation bonds	Water Bonds	3,800,000	325,730
Totals		$ 17,315,000	$ 1,512,600

TOWN OF LOWELL
SCHEDULE OF CAPITAL ASSETS
December 31, 2013

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

	Ending Balance
Governmental activities:	
Land	$ 825,775
Infrastructure	6,560,537
Buildings	1,851,999
Improvements other than buildings	798,915
Machinery, equipment, and vehicles	4,024,529
Books and other	590,000
Total governmental activities	14,651,755
Lowell Wastewater Utility:	
Land	112,857
Buildings	18,860,243
Improvements other than buildings	4,718,577
Machinery, equipment, and vehicles	1,209,287
Construction in progress	6,322,963
Total Lowell Wastewater Utility	31,223,927
Lowell Water Utility:	
Land	470,250
Buildings	5,000,411
Improvements other than buildings	3,713,165
Machinery, equipment, and vehicles	1,711,013
Total Lowell Water Utility	10,894,839
Total capital assets	$ 56,770,521

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SUPPLEMENTAL AUDIT OF

FEDERAL AWARDS

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Report on Compliance for the Major Federal Program

We have audited the Town of Lowell's (Town) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2013. The 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2013.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

October 28, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

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

TOWN OF LOWELL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
Department of Justice				
Public Safety Partnership and Community Policing Grants	Direct			
Secure Our Schools Program (SOS)		16.710	2005-CK-WX-0532	$ 47,494
Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation			
SR 2 Curb & Sidwalk Project		20.205	DES #1000077	17,520
Environmental Protection Agency				
Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority			
WW Project		66.458	WW09834501	808,976
Total federal awards expended				$ 873,990

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

TOWN OF LOWELL
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

TOWN OF LOWELL
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
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Program:

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

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2013-001 - INTERNAL CONTROLS OVER THE SCHEDULE OF FEDERAL AWARDS

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

During the audit of the SEFA, we noted that federal awards were incorrectly reported. This error resulted in the SEFA presented for audit to be overstated by $1,446,509. An audit adjustment was proposed, accepted by the Town, and made to the SEFA presented in this report.

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

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

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

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

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

(1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and indentifying number assigned by the pass-through entity shall be included.

(3) Provide the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available."

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE PREPARED DOCUMENTS

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

TOWN OF LOWELL

501 East Main Street • P.O. Box 157 • Lowell, IN 46356

Phone: 219-696-7794 • Fax: 219-696-7796

E-Mail: townhall@townhall.lowell.net

SUMMARY OF PRIOR AUDIT FINDINGS

FINDING 2012-01 - INTERNAL CONTROLS AND COMPLIANCE OVER THE FINANCIAL STATEMENT AND REPORTING FEDERAL EXPENDITURES IN THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FINDINGS 2012-02 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS

Report Period: January 2, 2012 to December 31, 2012

Pass-through Entity or Federal Grantor Agency: EPA

Contact Person Responsible for Corrective Action: Judith Walters
Contact Phone Number: 219-696-7794

Status of Audit Findings:

Assets being held by Bank of New York for SRF Bond & Interest Fund is now listed as an asset of the Town and is included in the annual report.

The Town has worked closely with Mendenhall & Associates for payroll reporting of subcontractors to meet all requirements for the Davis-Bacon Act on WWTP SRF Project. Payroll summaries have been approved and documented by staff before approval of pay requests.

Judith Walters

Judith Walters, Clerk-Treasurer
9-18-2014

TOWN OF LOWELL

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TOWN OF LOWELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINDING 2013-001 - INTERNAL CONTROLS OVER THE SCHEDULE OF FEDERAL AWARDS

On the 2013 CTAR Report under Grants - WW Project - Clean Water SRF - through the Indiana Finance Authority - the amount listed was reported as $2,255,304 and should have only been listed as the 35.87% reimbursed by the federal government in the amount of $808,976

The Town of Lowell did have internal controls in place for reporting, the total of SRF drawdowns were listed as opposed to the 35.87% reimbursable of the federal share.

Judith Walters

Judith Walters, Clerk-Treasurer
10-07-2014

OTHER REPORT

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