

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

ANNUAL FINANCIAL REPORT

2010

TOWN OF LOWELL

LAKE COUNTY, INDIANA



**FILED**  
08/19/2011



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Judith A. Walters	01-01-08 to 12-31-11
President of the Town Council	Philip Kuiper John Alessia, Jr.	01-01-10 to 12-31-10 01-01-11 to 12-31-11
Superintendent of Water Utility	Daniel W. Myers	01-01-10 to 12-31-11
Superintendent of Wastewater Utility	Terrance B. Wright	01-01-10 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statement(s) of the Town of Lowell (Town), for the year ended December 31, 2010. These financial statement(s) are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statement(s) 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(s) are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement(s). An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion(s).

As discussed in Note 1, the Town prepares its financial statement(s) on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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 noted above is a different basis than that used in the prior year.

In our opinion, the financial statement(s) referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated August 2, 2011, 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 and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement(s). 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(s). Such information has been subjected to the auditing procedures applied in the audit of the financial statement(s) and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement(s) taken as a whole.

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

This report is intended solely for the information and use of the Town's management, the Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 2, 2011



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statement(s) of the Town of Lowell (Town), for the year ended December 31, 2010, and have issued our report thereon dated August 2, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion(s) on the financial statement(s), but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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(s) will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
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(s) are 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.

This report is intended solely for the information and use of the Town's management, the Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 2, 2011

FINANCIAL STATEMENT(S)

TOWN OF LOWELL  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 632,394	\$ 3,569,597	\$ 4,091,706	\$ 110,285
Petty Cash	225	-	-	225
Motor Vehicle Highway	213,071	642,876	843,531	12,416
Local Road And Street	223,354	83,985	291,211	16,128
Donations	16,830	31,275	36,758	11,347
Abandoned Vehicle	774	-	-	774
Law Enforcement Continuing Ed	36,652	23,576	10,633	49,595
Clerk's Records Perpetuation	5,980	4,963	2,547	8,396
Gambling Revenue	656,410	164,222	457,771	362,861
Parks And Recreation	20,439	361,877	378,435	3,881
Adult Probation Services	14,657	20,869	22,864	12,662
Solid Waste Non-Rev	126,490	596,773	573,619	149,644
Park Gift	5,978	9,746	8,604	7,120
Sidewalk And Yard Escrow	6,570	19,000	14,000	11,570
Major Moves Construction	9,272	-	9,272	-
Police Grant	4,291	228,942	228,942	4,291
Unclaimed Property	255	13	-	268
Public Safety-Welfare	48,408	8,948	-	57,356
Freedom Park	19,484	23,724	24,091	19,117
Park Bond (Payments)	57,385	53,729	54,457	56,657
Cumulative Capital Development	163,356	181,845	220,445	124,756
Park Capital Improvement	21,519	-	-	21,519
Cumulative Building and Equipment	65,992	38,123	100	104,015
Cumulative Sewer	225,371	64,021	43,715	245,677
Cumulative Capital Improvement	84,763	21,974	8,000	98,737
Cumulative Non-Rev Insurance	31,164	-	-	31,164
Cumulative Economic Development	5,615	13,754	5,464	13,905
Police Pension	127,355	74,216	85,040	116,531
Payroll	866	3,049,823	3,050,226	463
Cafe-Section 125	51	67,494	67,735	(190)
Town Court	95,944	709,396	696,948	108,392
Wastewater Utility-Operating	973,706	2,302,267	2,389,728	886,245
Wastewater Utility-Bond And Interest	134,523	880,089	876,253	138,359
Wastewater Utility-Depreciation/Improver	3,064,404	2,454,032	1,806,015	3,712,421
Wastewater Utility-Customer Deposit	73,300	7,775	5,600	75,475
Wastewater Utility-Operating Reserve	88,500	-	-	88,500
Wastewater Utility-Debt Reserve	1,052,057	60,518	-	1,112,575
Water Utility-Operating	129,472	2,050,658	1,894,196	285,934
Water Utility-Bond And Interest	8,077	377,248	376,998	8,327
Water Utility-Depreciation/Improvement	463,507	127,890	189,272	402,125
Water Utility-Customer Deposit	81,846	8,905	6,920	83,831
Water Utility-Debt Reserve	380,591	113	2,776	377,928
Water Utility-SRF Construction	395,516	541	13,643	382,414
Water Utility-SRF ARRA Funds	256,300	-	256,300	-
<b>Totals</b>	<b>\$ 10,022,714</b>	<b>\$ 18,334,797</b>	<b>\$ 19,043,815</b>	<b>\$ 9,313,696</b>

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

TOWN OF LOWELL  
NOTES TO FINANCIAL STATEMENT(S)

**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(s) present(s) the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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 statements. The aggregate receipts may include, but are not limited to, 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.

TOWN OF LOWELL  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

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.

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 statements. The aggregate disbursements may include, but are not limited to, 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.

TOWN OF LOWELL  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

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.

TOWN OF LOWELL  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

**Note 4. Deposits and Investments**

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

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

**Note 5. Risk Management**

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

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

**Note 6. Pension Plan(s)**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent 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 PERF 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.

PERF 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:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

TOWN OF LOWELL  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

*Funding Policy and Annual Pension Cost*

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

*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 Public Employees' Retirement Fund 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 Employees' Retirement Plan (PERF) 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.

PERF 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:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

TOWN OF LOWELL  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

*Funding Policy*

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town of Lowell's Annual Report(s) can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

TOWN OF LOWELL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General	Petty Cash	Motor Vehicle Highway	Local Road And Street	Donations	Abandoned Vehicle	Law Enforcement Continuing Ed
Cash and investments - beginning	\$ 632,394	\$ 225	\$ 213,071	\$ 223,354	\$ 16,830	\$ 774	\$ 36,652
Receipts:							
Taxes	1,975,540	-	225,348	-	-	-	-
Licenses and permits	96,525	-	-	-	-	-	5,870
Intergovernmental	180,885	-	225,414	82,017	-	-	-
Charges for services	83,187	-	1,740	-	-	-	14,734
Fines and forfeits	113,103	-	-	-	-	-	2,972
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>1,120,357</u>	<u>-</u>	<u>190,374</u>	<u>1,968</u>	<u>31,275</u>	<u>-</u>	<u>-</u>
Total receipts	<u>3,569,597</u>	<u>-</u>	<u>642,876</u>	<u>83,985</u>	<u>31,275</u>	<u>-</u>	<u>23,576</u>
Disbursements:							
Personal services	1,767,315	-	407,026	-	-	-	-
Supplies	71,643	-	164,351	-	32,109	-	2,730
Other services and charges	671,036	-	122,154	289,243	3,425	-	7,903
Debt service - principal and interest	29,833	-	-	-	-	-	-
Capital outlay	48,608	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	<u>1,503,271</u>	<u>-</u>	<u>150,000</u>	<u>1,968</u>	<u>1,224</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>4,091,706</u>	<u>-</u>	<u>843,531</u>	<u>291,211</u>	<u>36,758</u>	<u>-</u>	<u>10,633</u>
Excess (deficiency) of receipts over disbursements	<u>(522,109)</u>	<u>-</u>	<u>(200,655)</u>	<u>(207,226)</u>	<u>(5,483)</u>	<u>-</u>	<u>12,943</u>
Cash and investments - ending	<u>\$ 110,285</u>	<u>\$ 225</u>	<u>\$ 12,416</u>	<u>\$ 16,128</u>	<u>\$ 11,347</u>	<u>\$ 774</u>	<u>\$ 49,595</u>

TOWN OF LOWELL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Clerk's Records Perpetuation	Gambling Revenue	Parks And Recreation	Adult Probation Services	Solid Waste Non-Rev	Park Gift	Sidewalk And Yard Escrow
Cash and investments - beginning	\$ 5,980	\$ 656,410	\$ 20,439	\$ 14,657	\$ 126,490	\$ 5,978	\$ 6,570
Receipts:							
Taxes	-	-	167,420	-	-	-	-
Licenses and permits	-	-	-	-	400	-	-
Intergovernmental	-	164,222	14,762	-	-	-	-
Charges for services	-	-	49,583	-	596,373	-	-
Fines and forfeits	4,963	-	-	20,869	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	130,112	-	-	9,746	19,000
Total receipts	<u>4,963</u>	<u>164,222</u>	<u>361,877</u>	<u>20,869</u>	<u>596,773</u>	<u>9,746</u>	<u>19,000</u>
Disbursements:							
Personal services	-	-	187,456	17,730	-	-	-
Supplies	2,547	-	41,197	758	1,014	8,604	-
Other services and charges	-	88,639	46,725	4,376	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	366,996	2,564	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	2,136	100,493	-	572,605	-	14,000
Total disbursements	<u>2,547</u>	<u>457,771</u>	<u>378,435</u>	<u>22,864</u>	<u>573,619</u>	<u>8,604</u>	<u>14,000</u>
Excess (deficiency) of receipts over disbursements	<u>2,416</u>	<u>(293,549)</u>	<u>(16,558)</u>	<u>(1,995)</u>	<u>23,154</u>	<u>1,142</u>	<u>5,000</u>
Cash and investments - ending	<u>\$ 8,396</u>	<u>\$ 362,861</u>	<u>\$ 3,881</u>	<u>\$ 12,662</u>	<u>\$ 149,644</u>	<u>\$ 7,120</u>	<u>\$ 11,570</u>

TOWN OF LOWELL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Major Moves Construction	Police Grant	Unclaimed Property	Public Safety-Welfare	Freedom Park	Park Bond (Payments)	Cumulative Capital Development
Cash and investments - beginning	\$ 9,272	\$ 4,291	\$ 255	\$ 48,408	\$ 19,484	\$ 57,385	\$ 163,356
Receipts:							
Taxes	-	-	13	-	-	-	40,741
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	228,942	-	-	-	-	71,567
Charges for services	-	-	-	-	22,130	35,953	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	8,948	1,594	17,776	69,537
<b>Total receipts</b>	<b>-</b>	<b>228,942</b>	<b>13</b>	<b>8,948</b>	<b>23,724</b>	<b>53,729</b>	<b>181,845</b>
Disbursements:							
Personal services	-	7,731	-	-	4,306	-	-
Supplies	-	7,125	-	-	4,957	-	-
Other services and charges	9,272	-	-	-	8,047	300	-
Debt service - principal and interest	-	-	-	-	6,781	54,157	-
Capital outlay	-	-	-	-	-	-	48,802
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	214,086	-	-	-	-	171,643
<b>Total disbursements</b>	<b>9,272</b>	<b>228,942</b>	<b>-</b>	<b>-</b>	<b>24,091</b>	<b>54,457</b>	<b>220,445</b>
Excess (deficiency) of receipts over disbursements	(9,272)	-	13	8,948	(367)	(728)	(38,600)
Cash and investments - ending	<u>\$ -</u>	<u>\$ 4,291</u>	<u>\$ 268</u>	<u>\$ 57,356</u>	<u>\$ 19,117</u>	<u>\$ 56,657</u>	<u>\$ 124,756</u>

TOWN OF LOWELL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Park Capital Improvement	Cumulative Building and Equipment	Cumulative Sewer	Cumulative Capital Improvement	Cumulative Non-Rev Insurance	Cumulative Economic Development
Cash and investments - beginning	\$ 21,519	\$ 65,992	\$ 225,371	\$ 84,763	\$ 31,164	\$ 5,615
Receipts:						
Taxes	-	34,057	63,021	-	-	13,754
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	2,816	-	21,974	-	-
Charges for services	-	1,250	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	1,000	-	-	-
Total receipts	-	38,123	64,021	21,974	-	13,754
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	42,891	-	-	5,464
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	824	8,000	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	100	-	-	-	-
Total disbursements	-	100	43,715	8,000	-	5,464
Excess (deficiency) of receipts over disbursements	-	38,023	20,306	13,974	-	8,290
Cash and investments - ending	\$ 21,519	\$ 104,015	\$ 245,677	\$ 98,737	\$ 31,164	\$ 13,905

TOWN OF LOWELL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Police Pension	Payroll	Cafe-Section 125	Town Court	Wastewater Utility-Operating	Wastewater Utility- Bond And Interest
Cash and investments - beginning	\$ 127,355	\$ 866	\$ 51	\$ 95,944	\$ 973,706	\$ 134,523
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	74,216	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	1,615,240	-
Other receipts	-	3,049,823	67,494	709,396	687,027	880,089
Total receipts	<u>74,216</u>	<u>3,049,823</u>	<u>67,494</u>	<u>709,396</u>	<u>2,302,267</u>	<u>880,089</u>
Disbursements:						
Personal services	84,940	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	100	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	758,887	876,253
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	1,496,529	-
Other disbursements	-	3,050,226	67,735	696,948	134,312	-
Total disbursements	<u>85,040</u>	<u>3,050,226</u>	<u>67,735</u>	<u>696,948</u>	<u>2,389,728</u>	<u>876,253</u>
Excess (deficiency) of receipts over disbursements	<u>(10,824)</u>	<u>(403)</u>	<u>(241)</u>	<u>12,448</u>	<u>(87,461)</u>	<u>3,836</u>
Cash and investments - ending	<u>\$ 116,531</u>	<u>\$ 463</u>	<u>\$ (190)</u>	<u>\$ 108,392</u>	<u>\$ 886,245</u>	<u>\$ 138,359</u>

TOWN OF LOWELL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Wastewater Utility- Depreciation/ Improvement	Wastewater Utility-Customer Deposit	Wastewater Utility- Operating Reserve	Wastewater Utility- Debt Reserve	Water Utility- Operating	Water Utility- Bond And Interest
Cash and investments - beginning	\$ 3,064,404	\$ 73,300	\$ 88,500	\$ 1,052,057	\$ 129,472	\$ 8,077
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	1,973,391	-
Other receipts	<u>2,454,032</u>	<u>7,775</u>	<u>-</u>	<u>60,518</u>	<u>77,267</u>	<u>377,248</u>
Total receipts	<u>2,454,032</u>	<u>7,775</u>	<u>-</u>	<u>60,518</u>	<u>2,050,658</u>	<u>377,248</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	7,236	376,998
Capital outlay	1,375,000	-	-	-	-	-
Utility operating expenses	-	5,600	-	-	1,220,515	-
Other disbursements	<u>431,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>666,445</u>	<u>-</u>
Total disbursements	<u>1,806,015</u>	<u>5,600</u>	<u>-</u>	<u>-</u>	<u>1,894,196</u>	<u>376,998</u>
Excess (deficiency) of receipts over disbursements	<u>648,017</u>	<u>2,175</u>	<u>-</u>	<u>60,518</u>	<u>156,462</u>	<u>250</u>
Cash and investments - ending	<u>\$ 3,712,421</u>	<u>\$ 75,475</u>	<u>\$ 88,500</u>	<u>\$ 1,112,575</u>	<u>\$ 285,934</u>	<u>\$ 8,327</u>

TOWN OF LOWELL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Water Utility- Depreciation/ Improvement	Water Utility-Customer Deposit	Water Utility-Debt Reserve	Water Utility-SRF Construction	Water Utility-SRF ARRA Funds	Totals
Cash and investments - beginning	\$ 463,507	\$ 81,846	\$ 380,591	\$ 395,516	\$ 256,300	\$ 10,022,714
Receipts:						
Taxes	-	-	-	-	-	2,519,894
Licenses and permits	-	-	-	-	-	102,795
Intergovernmental	-	-	-	-	-	1,066,815
Charges for services	-	-	-	-	-	804,950
Fines and forfeits	-	-	-	-	-	141,907
Utility fees	-	-	-	-	-	3,588,631
Other receipts	127,890	8,905	113	541	-	10,109,805
Total receipts	127,890	8,905	113	541	-	18,334,797
Disbursements:						
Personal services	-	-	-	-	-	2,476,504
Supplies	-	-	-	-	-	337,035
Other services and charges	-	-	-	-	-	1,299,575
Debt service - principal and interest	-	-	2,776	-	-	2,112,921
Capital outlay	189,272	-	-	13,643	256,300	2,310,009
Utility operating expenses	-	6,920	-	-	-	2,729,564
Other disbursements	-	-	-	-	-	7,778,207
Total disbursements	189,272	6,920	2,776	13,643	256,300	19,043,815
Excess (deficiency) of receipts over disbursements	(61,382)	1,985	(2,663)	(13,102)	(256,300)	(709,018)
Cash and investments - ending	\$ 402,125	\$ 83,831	\$ 377,928	\$ 382,414	\$ -	\$ 9,313,696

TOWN OF LOWELL  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2010

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 825,775
Infrastructure	5,646,483
Buildings	1,851,999
Improvements other than buildings	684,369
Machinery and equipment	<u>3,758,976</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u>12,767,602</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 480,250
Buildings	5,007,984
Improvements other than buildings	3,747,073
Machinery and equipment	<u>1,695,050</u>
 Total Water Utility capital assets	 <u>10,930,357</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	112,857
Buildings	2,363,546
Improvements other than buildings	21,151,836
Machinery and equipment	<u>1,059,752</u>
 Total Wastewater Utility capital assets	 <u>24,687,991</u>
 Total business-type activities capital assets	 \$ <u>48,385,950</u>

TOWN OF LOWELL  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2010

The Town of Lowell has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
2008 Total Patcher	\$ 13,690	\$ 7,235
2008 Chevy Malibu	5,099	5,099
2007 Park Truck	6,961	6,961
2008 MVH Sterling Truck	32,878	32,878
Bonds payable:		
General obligation bonds:		
2002 Park Bonds	485,000	52,729
2009 Street Bonds	<u>440,000</u>	<u>131,726</u>
Total governmental activities debt	<u>\$ 983,628</u>	<u>\$ 236,628</u>
Business-type activities:		
Water Utility:		
Capital leases:		
2008 Total Patcher	\$ 13,690	\$ 7,235
Revenue bonds:		
FMHA Loan	4,274,000	376,385
SRF Loan	<u>481,455</u>	<u>-</u>
Total Water Utility	<u>4,769,145</u>	<u>383,620</u>
Wastewater Utility		
Capital leases:		
2008 Total Patcher	13,690	7,235
Revenue bonds:		
State Revolving loans (SRF):		
CS18224801	1,746,000	213,289
CS18224802	704,479	89,955
CS18236701	<u>6,680,000</u>	<u>579,792</u>
Total Wastewater Utility	<u>9,144,169</u>	<u>890,271</u>
Total business-type activities debt	<u>\$ 13,913,314</u>	<u>\$ 1,273,891</u>

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Town of Lowell (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2010. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A deficiency in internal control over compliance 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, 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.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Town's management, the Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 2, 2011

TOWN OF LOWELL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Bulletproof Vest Partnership Program	16.607		\$ 2,200
Public Safety Partnerships and Community Policing Grants Secure Our Schools Program (SOS)	16.710	2005-CK-WX-0532	214,086
Total for federal grantor agency			<u>216,286</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction Highway Safety Improvement Program	20.205	EDS #A249-09-320116	61,640
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Department of Environmental Management Capitalization Grants for Drinking Water State Revolving Funds ARRA - State Revolving Fund Loan Program State Revolving Fund Loan Program	66.468	#142793 #142792	256,300 6,517
Total for program			<u>262,817</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Pass-Through Indiana Office of the Lieutenant Governor, Office of Energy Development ARRA - Energy Efficiency and Conservation Block Grant	81.041	DE-EE-000725	280,842
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Disaster #1795	5,229
Total federal awards expended			<u>\$ 826,814</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF LOWELL  
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Lowell (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. 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:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.468	Capitalization Grants for Drinking Water State Revolving Funds
81.041	ARRA - Energy Efficiency and Conservation Block Grant

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**

No items are reportable.

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

**Section III – Federal Award Findings and Questioned Costs**

**FINDING 2010-1 - SEPARATE ACCOUNTABILITY FOR AWARDS WITH ARRA FUNDING**

Federal Agency: U.S. Department of Energy  
Federal Program: ARRA - Energy Efficiency and Conservation Block Grant  
CFDA Number: 81.041  
Award Number: DE-EE-000725  
Pass-through Entity: Indiana Office of the Lieutenant Governor, Office of Energy Development

The Town of Lowell did not create a separate fund to account for American Recovery and Reinvestment Act of 2009 (ARRA) grant funds. The grant funds were split between three funds - Cumulative Capital Development, Water Utility - Depreciation/Improvement, and Wastewater Utility - Depreciation/Improvement, depending upon the location of each part of project. The grant receipts were recorded as "Other" or "Miscellaneous" revenue in all three funds. The disbursements were recorded as "Non-Revenue Capital Improvements" in the Cumulative Capital Development Fund; "Improvements" and "Plant Improvements" in the Water Utility - Depreciation/Improvement Fund; and "Capital Expenditures - Plant" in the Wastewater Utility - Depreciation/Improvement Fund.

As provided in 2 CFR section 176.210, federal agencies must require recipients to agree to maintain records that identify adequately the source and application of ARRA awards. The grant agreement between the Indiana Office of Energy Development (Recipient) and the Town of Lowell (Grantee) states, "The Grantee shall comply with all terms and conditions in the Recovery Act (American Recovery and Reinvestment Act of 2009) relating generally to governance, accountability, transparency, data collection and resources as specified in the Act itself." The grant agreement also included special provisions for Segregation of Costs stated as, "Recipients and Grantees must segregate the obligations and expenditures related to funding under the Recovery Act. Financial and accounting systems should be revised as necessary to segregate, track and maintain these funds apart and separate from other revenue streams. No part of the funds from the Recovery Act shall be commingled with any other funds or used for a purpose other than that of making payments for costs allowable for Recovery Act projects."

Failure to maintain a separate fund for ARRA grant funds impairs the accountability and transparency of the receipts and expenditures and may result in the repayment of federal funds to the Indiana Department of Energy Development.

We recommended that Town officials establish controls to ensure that ARRA grant funds are separately accounted for in compliance with the American Recovery and Reinvestment Act of 2009.

TOWN OF LOWELL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters were reportable.



# TOWN OF LOWELL

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## CORRECTIVE ACTION PLAN

### FINDING NO. 2010-1

Federal Agency: Indiana Office of Energy Development

Federal Program: Energy Efficiency and Conservation Block Grant

CFDA Number: #A302-10-EECBG-3-004

Pass-through Agency:

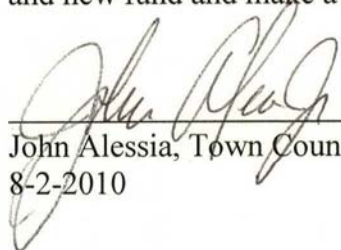
Auditee Contact Person: Judith Walters

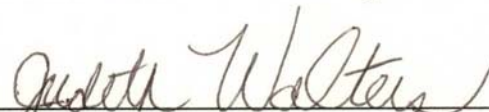
Contact Phone Number: 219-696-7794

Expected Completion Date: 12-31-2010

### Corrective Action:

When we were awarded the Energy Grant from the Indiana Office of Energy Development, we were aware that we would have to make payment to the vendors and draw down funds from the Indiana Department of Energy and be reimbursed by the Auditor of the State of Indiana. At that time the Town agreed to make payment from our Cumulative Improvement Fund and reimburse the fund as we were reimbursed. At the time we were not aware that we were required to set up a separate fund for the Energy Grant. In the future if we receive an energy grant we will establish and new fund and make a temporary loan to make payment until we are reimbursed by the State.

  
\_\_\_\_\_  
John Alessia, Town Council President  
8-2-2010

  
\_\_\_\_\_  
Judith Walters, Clerk-Treasurer  
8-2-2010

TOWN OF LOWELL  
EXIT CONFERENCE

The contents of this report were discussed on August 2, 2011, with Judith A. Walters, Clerk-Treasurer; and John Alessia, Jr., President of the Town Council. Our audit disclosed no material items that warrant comment at this time.