

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

EXAMINATION REPORT
OF
TOWN OF LYNN
RANDOLPH COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
08/16/2010

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Kaylene Straley

01-01-08 to 12-31-11

President of the
Town Council

Maxine Parrott
Chris Anderson

01-01-08 to 12-31-08
01-01-09 to 12-31-10



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 ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF LYNN, RANDOLPH COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Lynn (Town), for the period of January 1, 2008 to December 31, 2009. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

June 30, 2010

TOWN OF LYNN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments		Cash and Investments	
	01-01-08	Receipts	Disbursements	12-31-08
Governmental Funds:				
General	\$ 94,131	\$ 354,072	\$ 347,048	\$ 101,155
Motor Vehicle Highway	24,285	41,528	55,835	9,978
Local Road and Street	6,674	4,016	4,617	6,073
Law Enforcement Continuing Education	101	911	-	1,012
Riverboat	7,208	7,170	-	14,378
Rainy Day	1,843	7,565	1,633	7,775
Community Days	2,071	2,748	3,534	1,285
Glenda Steins Trust	6,164	5,446	-	11,610
Police Department Donations	300	-	295	5
Fire Department Donations	750	1,321	118	1,953
Cumulative Capital Improvement	3,709	4,887	4,806	3,790
Cumulative Capital Development	7,961	10,338	10,300	7,999
Economic Development Income Tax	16,816	18,461	26,046	9,231
Fire Equipment Debt	15,369	14,353	15,207	14,515
Proprietary Funds:				
Water Utility - Operating	13,619	178,842	185,218	7,243
Water Utility - Bond and Interest	32,809	27,000	30,140	29,669
Water Utility - Depreciation	3,185	23,000	1,981	24,204
Water Utility - Customer Deposit	9,535	1,050	905	9,680
Water Utility - Reserve	22,500	5,000	5,000	22,500
Wastewater Utility - Operating	5,155	247,795	246,113	6,837
Wastewater Utility - Bond and Interest	25,083	38,070	34,500	28,653
Wastewater Utility - Depreciation	10,658	26,000	20,041	16,617
Wastewater Utility - Customer Deposit	2,065	1,200	965	2,300
Wastewater Utility - Debt Service	-	1,000	-	1,000
Fiduciary Fund:				
Payroll	4,055	263,455	263,067	4,443
Totals	<u>\$ 316,046</u>	<u>\$ 1,285,228</u>	<u>\$ 1,257,369</u>	<u>\$ 343,905</u>

	Cash and Investments		Cash and Investments	
	01-01-09	Receipts	Disbursements	12-31-09
Governmental Funds:				
General	\$ 101,155	\$ 437,689	\$ 455,894	\$ 82,950
Motor Vehicle Highway	9,978	37,138	34,118	12,998
Local Road and Street	6,073	3,797	9,813	57
Law Enforcement Continuing Education	1,012	1,087	675	1,424
Riverboat	14,378	7,153	21,208	323
Rainy Day	7,775	1,076	8,851	-
Community Days	1,285	1,653	1,905	1,033
Glenda Steins Trust	11,610	8,000	3,687	15,923
Police Department Donations	5	-	-	5
Fire Department Donations	1,953	1,043	2,053	943
Cumulative Capital Improvement	3,790	6,714	6,664	3,840
Cumulative Capital Development	7,999	6,324	11,208	3,115
Economic Development Income Tax	9,231	38,857	34,269	13,819
Fire Equipment Debt	14,515	16,217	15,901	14,831
Proprietary Funds:				
Water Utility - Operating	7,243	173,992	174,882	6,353
Water Utility - Bond and Interest	29,669	17,500	29,365	17,804
Water Utility - Depreciation	24,204	15,380	33,102	6,482
Water Utility - Customer Deposit	9,680	1,680	1,255	10,105
Water Utility - Reserve	22,500	-	10,237	12,263
Wastewater Utility - Operating	6,837	235,893	234,414	8,316
Wastewater Utility - Bond and Interest	28,653	34,860	34,500	29,013
Wastewater Utility - Depreciation	16,617	23,500	32,482	7,635
Wastewater Utility - Customer Deposit	2,300	2,050	1,350	3,000
Wastewater Utility - Debt Service	1,000	2,000	-	3,000
Fiduciary Fund:				
Payroll	4,443	274,725	275,935	3,233
Totals	<u>\$ 343,905</u>	<u>\$ 1,348,328</u>	<u>\$ 1,433,768</u>	<u>\$ 258,465</u>

The accompanying notes are an integral part of the financial information.

TOWN OF LYNN
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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.

TOWN OF LYNN
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), 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% 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

Funding Policy and Annual Pension Cost

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

TOWN OF LYNN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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.

Retroactive reporting of general infrastructure assets will not occur.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 16,000
Buildings	432,133
Machinery and equipment	<u>626,870</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 1,075,003</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 18,444
Buildings	713,468
Improvements other than buildings	496,183
Machinery and equipment	<u>253,734</u>
Total Water Utility capital assets	<u>1,481,829</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	9,827
Buildings	1,084,332
Improvements other than buildings	1,464,035
Machinery and equipment	<u>115,217</u>
Total Wastewater Utility capital assets	<u>2,673,411</u>
Total business-type activities capital assets	<u>\$ 4,155,240</u>

TOWN OF LYNN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Fire Truck	\$ 54,682	\$ 15,207
Notes and loans payable		
Fire Department Expansion	<u>30,726</u>	<u>11,208</u>
Total governmental activities debt	<u>\$ 85,408</u>	<u>\$ 26,415</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
1983 Water Improvements	\$ 183,000	\$ 22,150
1998 Water Improvements	<u>49,720</u>	<u>7,442</u>
Total Water Utility	<u>232,720</u>	<u>29,592</u>
Wastewater Utility:		
Revenue bonds:		
1983 Wastewater Improvements	<u>249,000</u>	<u>34,450</u>
Total business-type activities debt	<u>\$ 481,720</u>	<u>\$ 64,042</u>

TOWN OF LYNN
EXAMINATION RESULT AND COMMENT

RECEIPT DEPOSITS

In 2008, a county tax distribution was deposited fifteen business days after the distribution date and one state distribution was not deposited until eleven business days after the receipt date. In 2009, a county tax distribution was deposited ten business days after the distribution date.

IC 5-13-6-1(d) states:

"A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories:

- (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and
- (2) approved as depositories of state funds."

TOWN OF LYNN
EXIT CONFERENCE

The contents of this report were discussed on June 30, 2010, with Kaylene Straley, Clerk-Treasurer, and Judy Mullin, Town Council member. The officials concurred with our findings.