

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF LYNN

RANDOLPH COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
11/19/2012



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kaylene Straley	01-01-08 to 12-31-15
President of the Town Council	Chris Anderson	01-01-10 to 06-30-11
	Maxine Parrott	07-01-11 to 12-31-11
	Judy C. Mullin	01-01-12 to 12-31-12



**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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the Town of Lynn (Town), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statements 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 noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

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

This report is intended solely for the information and use of the Town's management, Town Council, and others within the entity 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

October 10, 2012

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## FINANCIAL STATEMENTS

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

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 82,950	\$ 381,587	\$ 419,569	\$ 44,968
Motor Vehicle Highway	12,998	75,065	63,848	24,215
Local Road and Street	57	4,683	831	3,909
Fire Department Donations	943	760	943	760
Police Donations	5	-	5	-
Law Enforcement Continuing Education	1,424	1,128	1,347	1,205
Riverboat	323	12,152	5,032	7,443
Rainy Day	-	7,537	3,635	3,902
Economic Development Income Tax	13,819	19,176	18,000	14,995
Levy Excess	-	765	-	765
Fire Equipment Debt	14,831	14,105	15,584	13,352
Cumulative Capital Improvement	3,840	4,708	6,563	1,985
Cumulative Capital Development	3,115	7,566	7,661	3,020
Glenda Stiens Trust	15,923	4,726	8,683	11,966
Lynn Community Days	1,033	1,312	1,679	666
Payroll	3,233	281,082	281,301	3,014
Wastewater Utility Operating	8,316	240,959	247,582	1,693
Wastewater Utility Bond And Interest	29,013	35,000	35,450	28,563
Wastewater Utility Depreciation	7,635	21,500	10,976	18,159
Wastewater Utility Customer Deposit	3,000	1,300	1,150	3,150
Wastewater Utility Debt Reserve	3,000	4,000	-	7,000
Water Utility Operating	6,353	177,169	175,073	8,449
Water Utility Bond And Interest	17,804	20,000	29,592	8,212
Water Utility Depreciation	6,482	14,000	10,573	9,909
Water Utility Customer Deposit	10,105	1,050	840	10,315
Water Utility Debt Reserve	12,263	2,000	-	14,263
Totals	<u>\$ 258,465</u>	<u>\$ 1,333,330</u>	<u>\$ 1,345,917</u>	<u>\$ 245,878</u>

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

TOWN OF LYNN  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 44,968	\$ 438,957	\$ 478,921	\$ 5,004
Motor Vehicle Highway	24,215	120,781	91,256	53,740
Local Road and Street	3,909	3,723	815	6,817
Law Enforcement Continuing Education	1,205	902	1,000	1,107
Riverboat	7,443	7,153	7,152	7,444
Rainy Day	3,902	1,706	1,706	3,902
Economic Development Income Tax	14,995	31,364	14,919	31,440
Levy Excess	765	-	765	-
Cumulative Capital Improvement	1,985	3,282	3,153	2,114
Cumulative Capital Development	3,020	6,665	8,266	1,419
Fire Department Donations	760	5,710	6,470	-
Fire Equipment Debt	13,352	9,586	16,914	6,024
Glenda Stiens Trust	11,966	5,221	4,200	12,987
Lynn Community Days	666	1,512	1,306	872
Payroll	3,014	273,583	273,428	3,169
Wastewater Utility Operating	1,693	237,148	234,536	4,305
Wastewater Utility Bond and Interest	28,563	35,000	35,300	28,263
Wastewater Utility Depreciation	18,159	23,000	22,279	18,880
Wastewater Utility Customer Deposit	3,150	1,300	1,150	3,300
Wastewater Utility Debt Reserve	7,000	6,000	-	13,000
Water Utility Operating	8,449	171,401	172,466	7,384
Water Utility Bond and Interest	8,212	32,500	22,980	17,732
Water Utility Depreciation	9,909	20,500	6,311	24,098
Water Utility Customer Deposit	10,315	1,170	1,288	10,197
Water Utility Debt Reserve	14,263	-	6,789	7,474
Totals	<u>\$ 245,878</u>	<u>\$ 1,438,164</u>	<u>\$ 1,413,370</u>	<u>\$ 270,672</u>

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

TOWN OF LYNN  
NOTES TO FINANCIAL STATEMENTS

**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 statements present the financial information for the Town.

*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 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,

TOWN OF LYNN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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 statements. The aggregate disbursements may 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.

TOWN OF LYNN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*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.

TOWN OF LYNN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

**Note 6. Pension Plan**

*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 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 Capital 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.

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### SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Town's 2011 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 statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

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

	General	Motor Vehicle Highway	Local Road and Street	Fire Department Donations	Police Donations	Law Enforcement Continuing Education	Riverboat
Cash and investments - beginning	\$ 82,950	\$ 12,998	\$ 57	\$ 943	\$ 5	\$ 1,424	\$ 323
Receipts:							
Taxes	381,587	-	-	-	-	-	12,152
Intergovernmental	-	75,065	4,683	-	-	-	-
Fines and forfeits	-	-	-	-	-	1,128	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	760	-	-	-
Total receipts	<u>381,587</u>	<u>75,065</u>	<u>4,683</u>	<u>760</u>	<u>-</u>	<u>1,128</u>	<u>12,152</u>
Disbursements:							
Personal services	243,742	-	-	-	-	-	-
Supplies	20,579	24,470	-	324	5	971	5,032
Other services and charges	115,039	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	619	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	40,209	39,378	831	-	-	376	-
Total disbursements	<u>419,569</u>	<u>63,848</u>	<u>831</u>	<u>943</u>	<u>5</u>	<u>1,347</u>	<u>5,032</u>
Excess (deficiency) of receipts over disbursements	<u>(37,982)</u>	<u>11,217</u>	<u>3,852</u>	<u>(183)</u>	<u>(5)</u>	<u>(219)</u>	<u>7,120</u>
Cash and investments - ending	<u>\$ 44,968</u>	<u>\$ 24,215</u>	<u>\$ 3,909</u>	<u>\$ 760</u>	<u>\$ -</u>	<u>\$ 1,205</u>	<u>\$ 7,443</u>

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

	Rainy Day	Economic Development Income Tax	Levy Excess	Fire Equipment Debt	Cumulative Capital Improvement	Cumulative Capital Development	Glenda Stiens Trust
Cash and investments - beginning	\$ -	\$ 13,819	\$ -	\$ 14,831	\$ 3,840	\$ 3,115	\$ 15,923
Receipts:							
Taxes	7,537	-	765	14,105	-	7,566	-
Intergovernmental	-	19,176	-	-	4,708	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	4,726
Total receipts	<u>7,537</u>	<u>19,176</u>	<u>765</u>	<u>14,105</u>	<u>4,708</u>	<u>7,566</u>	<u>4,726</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	18,000	-	-	5,201	5,388	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	3,635	-	-	15,584	1,362	2,273	8,683
Total disbursements	<u>3,635</u>	<u>18,000</u>	<u>-</u>	<u>15,584</u>	<u>6,563</u>	<u>7,661</u>	<u>8,683</u>
Excess (deficiency) of receipts over disbursements	<u>3,902</u>	<u>1,176</u>	<u>765</u>	<u>(1,479)</u>	<u>(1,855)</u>	<u>(95)</u>	<u>(3,957)</u>
Cash and investments - ending	<u>\$ 3,902</u>	<u>\$ 14,995</u>	<u>\$ 765</u>	<u>\$ 13,352</u>	<u>\$ 1,985</u>	<u>\$ 3,020</u>	<u>\$ 11,966</u>

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

	Lynn Community Days	Payroll	Wastewater Utility Operating	Wastewater Utility Bond and Interest	Wastewater Utility Depreciation	Wastewater Utility Customer Deposit	Wastewater Utility Debt Reserve
Cash and investments - beginning	\$ 1,033	\$ 3,233	\$ 8,316	\$ 29,013	\$ 7,635	\$ 3,000	\$ 3,000
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	240,959	-	-	-	-
Other receipts	1,312	281,082	-	35,000	21,500	1,300	4,000
Total receipts	<u>1,312</u>	<u>281,082</u>	<u>240,959</u>	<u>35,000</u>	<u>21,500</u>	<u>1,300</u>	<u>4,000</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	35,450	-	1,150	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,679	281,301	247,582	-	10,976	-	-
Total disbursements	<u>1,679</u>	<u>281,301</u>	<u>247,582</u>	<u>35,450</u>	<u>10,976</u>	<u>1,150</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(367)</u>	<u>(219)</u>	<u>(6,623)</u>	<u>(450)</u>	<u>10,524</u>	<u>150</u>	<u>4,000</u>
Cash and investments - ending	<u>\$ 666</u>	<u>\$ 3,014</u>	<u>\$ 1,693</u>	<u>\$ 28,563</u>	<u>\$ 18,159</u>	<u>\$ 3,150</u>	<u>\$ 7,000</u>

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

	Water Utility Operating	Water Utility Bond and Interest	Water Utility Depreciation	Water Utility Customer Deposit	Water Utility Debt Reserve	Totals
Cash and investments - beginning	\$ 6,353	\$ 17,804	\$ 6,482	\$ 10,105	\$ 12,263	\$ 258,465
Receipts:						
Taxes	-	-	-	-	-	423,712
Intergovernmental	-	-	-	-	-	103,632
Fines and forfeits	-	-	-	-	-	1,128
Utility fees	177,169	-	-	-	-	418,128
Other receipts	-	20,000	14,000	1,050	2,000	386,730
Total receipts	<u>177,169</u>	<u>20,000</u>	<u>14,000</u>	<u>1,050</u>	<u>2,000</u>	<u>1,333,330</u>
Disbursements:						
Personal services	-	-	-	-	-	243,742
Supplies	-	-	-	-	-	51,381
Other services and charges	-	-	-	-	-	143,628
Debt service - principal and interest	-	29,592	-	-	-	66,811
Capital outlay	175,073	-	-	-	-	175,073
Utility operating expenses	-	-	-	840	-	840
Other disbursements	-	-	10,573	-	-	664,442
Total disbursements	<u>175,073</u>	<u>29,592</u>	<u>10,573</u>	<u>840</u>	<u>-</u>	<u>1,345,917</u>
Excess (deficiency) of receipts over disbursements	<u>2,096</u>	<u>(9,592)</u>	<u>3,427</u>	<u>210</u>	<u>2,000</u>	<u>(12,587)</u>
Cash and investments - ending	<u>\$ 8,449</u>	<u>\$ 8,212</u>	<u>\$ 9,909</u>	<u>\$ 10,315</u>	<u>\$ 14,263</u>	<u>\$ 245,878</u>

TOWN OF LYNN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road and Street	Law Enforcement Continuing Education	Riverboat	Rainy Day	Economic Development Income Tax
Cash and investments - beginning	\$ 44,968	\$ 24,215	\$ 3,909	\$ 1,205	\$ 7,443	\$ 3,902	\$ 14,995
Receipts:							
Taxes	213,524	-	-	-	-	-	-
Licenses and permits	-	-	-	470	-	-	-
Intergovernmental	90,540	36,281	3,723	-	7,153	-	16,445
Charges for services	19,818	-	-	114	-	-	-
Fines and forfeits	471	-	-	318	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	114,604	84,500	-	-	-	1,706	14,919
Total receipts	438,957	120,781	3,723	902	7,153	1,706	31,364
Disbursements:							
Personal services	233,128	-	-	-	-	-	-
Supplies	22,936	-	815	-	-	-	-
Other services and charges	123,437	6,756	-	1,000	-	-	-
Debt service - principal and interest	-	-	-	-	7,152	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	99,420	84,500	-	-	-	1,706	14,919
Total disbursements	478,921	91,256	815	1,000	7,152	1,706	14,919
Excess (deficiency) of receipts over disbursements	(39,964)	29,525	2,908	(98)	1	-	16,445
Cash and investments - ending	\$ 5,004	\$ 53,740	\$ 6,817	\$ 1,107	\$ 7,444	\$ 3,902	\$ 31,440

TOWN OF LYNN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Levy Excess	Cumulative Capital Improvement	Cumulative Capital Development	Fire Department Donations	Fire Equipment Debt	Glenda Stiens Trust	Lynn Community Days
Cash and investments - beginning	\$ 765	\$ 1,985	\$ 3,020	\$ 760	\$ 13,352	\$ 11,966	\$ 666
Receipts:							
Taxes	-	-	4,093	-	6,974	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	3,282	739	-	906	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	1,833	5,710	1,706	5,221	1,512
Total receipts	-	3,282	6,665	5,710	9,586	5,221	1,512
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	4,200	1,306
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	276	3,020	760	15,208	-	-
Capital outlay	-	2,877	5,246	5,710	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	765	-	-	-	1,706	-	-
Total disbursements	765	3,153	8,266	6,470	16,914	4,200	1,306
Excess (deficiency) of receipts over disbursements	(765)	129	(1,601)	(760)	(7,328)	1,021	206
Cash and investments - ending	\$ -	\$ 2,114	\$ 1,419	\$ -	\$ 6,024	\$ 12,987	\$ 872

TOWN OF LYNN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Payroll	Wastewater Utility Operating	Wastewater Utility Bond and Interest	Wastewater Utility Depreciation	Wastewater Utility Customer Deposit	Wastewater Utility Debt Reserve
Cash and investments - beginning	\$ 3,014	\$ 1,693	\$ 28,563	\$ 18,159	\$ 3,150	\$ 7,000
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	234,337	-	-	1,300	-
Penalties	-	2,811	-	-	-	-
Other receipts	273,583	-	35,000	23,000	-	6,000
Total receipts	273,583	237,148	35,000	23,000	1,300	6,000
Disbursements:						
Personal services	273,428	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	35,300	-	-	-
Capital outlay	-	-	-	22,279	-	-
Utility operating expenses	-	170,536	-	-	-	-
Other disbursements	-	64,000	-	-	1,150	-
Total disbursements	273,428	234,536	35,300	22,279	1,150	-
Excess (deficiency) of receipts over disbursements	155	2,612	(300)	721	150	6,000
Cash and investments - ending	\$ 3,169	\$ 4,305	\$ 28,263	\$ 18,880	\$ 3,300	\$ 13,000

TOWN OF LYNN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Water Utility Operating	Water Utility Bond and Interest	Water Utility Depreciation	Water Utility Customer Deposit	Water Utility Debt Reserve	Totals
Cash and investments - beginning	\$ 8,449	\$ 8,212	\$ 9,909	\$ 10,315	\$ 14,263	\$ 245,878
Receipts:						
Taxes	-	-	-	-	-	224,591
Licenses and permits	-	-	-	-	-	470
Intergovernmental	8,361	-	-	-	-	167,430
Charges for services	-	-	-	-	-	19,932
Fines and forfeits	-	-	-	-	-	789
Utility fees	160,183	-	-	-	-	395,820
Penalties	2,857	-	-	-	-	5,668
Other receipts	-	32,500	20,500	1,170	-	623,464
<b>Total receipts</b>	<b>171,401</b>	<b>32,500</b>	<b>20,500</b>	<b>1,170</b>	<b>-</b>	<b>1,438,164</b>
Disbursements:						
Personal services	-	-	-	-	-	506,556
Supplies	-	-	-	-	-	29,257
Other services and charges	-	-	-	-	-	131,193
Debt service - principal and interest	-	22,980	-	-	6,789	91,485
Capital outlay	-	-	6,311	-	-	42,423
Utility operating expenses	115,611	-	-	-	-	286,147
Other disbursements	56,855	-	-	1,288	-	326,309
<b>Total disbursements</b>	<b>172,466</b>	<b>22,980</b>	<b>6,311</b>	<b>1,288</b>	<b>6,789</b>	<b>1,413,370</b>
Excess (deficiency) of receipts over disbursements	(1,065)	9,520	14,189	(118)	(6,789)	24,794
Cash and investments - ending	<u>\$ 7,384</u>	<u>\$ 17,732</u>	<u>\$ 24,098</u>	<u>\$ 10,197</u>	<u>\$ 7,474</u>	<u>\$ 270,672</u>

TOWN OF LYNN  
SCHEDULE OF RECEIVABLES  
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Receivable</u>
Wastewater	\$ 32,231
Water	<u>17,166</u>
Total	<u>\$ 49,397</u>

TOWN OF LYNN  
SCHEDULE OF DEBT  
December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	Fire Station Bays	\$ 10,709	\$ 11,208
Notes and loans payable	Fire Pumper Truck	<u>28,518</u>	<u>15,208</u>
Total governmental activities		<u>39,227</u>	<u>26,416</u>
Wastewater:			
General obligation bonds	Wastewater Treatment Plant	<u>202,000</u>	<u>35,100</u>
Water:			
General obligation bonds	Water Treatment Plant	156,000	21,800
Notes and loans payable	Water Treatment Plant	<u>37,720</u>	<u>7,094</u>
Total Water		<u>193,720</u>	<u>28,894</u>
Totals		<u>\$ 434,947</u>	<u>\$ 90,410</u>

TOWN OF LYNN  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2011

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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 16,000
Buildings	434,029
Improvements other than buildings	238,672
Machinery, equipment and vehicles	<u>416,352</u>
Total governmental activities	<u>1,105,053</u>
Wastewater:	
Land	9,827
Buildings	1,084,331
Improvements other than buildings	1,433,562
Machinery, equipment and vehicles	<u>86,899</u>
Total Wastewater	<u>2,614,619</u>
Water:	
Land	18,244
Buildings	713,468
Improvements other than buildings	496,183
Machinery, equipment and vehicles	<u>222,952</u>
Total Water	<u>1,450,847</u>
Total capital assets	<u>\$ 5,170,519</u>

TOWN OF LYNN  
EXAMINATION RESULTS AND COMMENTS

***SALES TAX PAID***

A total of \$1,586.76 of sales tax was paid on the Water Utility's electricity bills in 2010 and 2011.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***REPORTING REQUIREMENTS***

The 2010 Annual Financial Report filed with the State Board of Accounts reported all of each fund's receipts in one classification, even though several funds actually had multiple sources of receipts. The 2011 Annual Financial Report filed with the State Board of Accounts failed to report a \$1,705.79 interfund loan and its repayment. Also, the Schedule of Debt listed all future debt service requirements instead of only those amounts due in 2012. Adjustments for the last two errors were approved by management and made to this report's schedules.

Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF LYNN  
EXIT CONFERENCE

The contents of this report were discussed on October 10, 2012, with Kaylene Straley, Clerk-Treasurer, and Judy C. Mullin, President of the Town Council. The officials concurred with our findings.