

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
TOWN OF LYNN
RANDOLPH COUNTY, INDIANA
January 1, 2003 to December 31, 2005



FILED
08/09/2006

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Kaylene Straley

01-01-00 to 12-31-07

President of the Town Council

Maxine Parrott
Judy Mullin

01-01-03 to 12-31-03
01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Lynn (Town), for the period of January 1, 2003 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 10, 2006

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, 2003, 2004, And 2005

	Cash and Investments		Cash and Investments	
	01-01-03	Receipts	Disbursements	12-31-03
Governmental Funds:				
General	\$ 17,153	\$ 360,930	\$ 349,647	\$ 28,436
Motor Vehicle Highway	3,366	33,786	-	37,152
Local Road and Street	638	4,443	1,200	3,881
Law Enforcement Continuing Education	1,439	740	883	1,296
Riverboat	-	7,227	-	7,227
Revolving Loan Fund	3,913	3,252	3,031	4,134
Community Days	1,309	5,102	4,530	1,881
Criminal Justice Operation Pullover	-	750	750	-
Criminal Justice Grant	6,361	-	6,361	-
Donation	108	-	108	-
Glenda Steins Trust	-	13,813	13,806	7
Police Safety Donations	-	250	250	-
Cumulative Capital Improvement	2,020	4,132	2,069	4,083
Cumulative Capital Development	50,630	7,778	50,000	8,408
Economic Development Income Tax	9,061	18,114	5,900	21,275
Washington Township Fire Truck Fund	-	6,000	-	6,000
Proprietary Funds:				
Water Utility - Operating	18,177	187,687	185,689	20,175
Water Utility - Bond and Interest	84,724	72,000	101,375	55,349
Water Utility - Depreciation	37,919	25,528	20,956	42,491
Water Utility - Customer Deposit	8,684	1,200	1,085	8,799
Water Utility - Reserve	22,500	22,500	22,500	22,500
Wastewater Utility - Operating	3,531	215,703	219,115	119
Wastewater Utility - Bond and Interest	26,543	53,940	34,950	45,533
Wastewater Utility - Depreciation	1,600	16,500	7,979	10,121
Wastewater Utility - Customer Deposit	1,815	950	600	2,165
Wastewater Utility - Reserve	36,000	36,000	36,000	36,000
Fiduciary Fund:				
Payroll	278	223,476	220,717	3,037
Totals	\$ 337,769	\$ 1,321,801	\$ 1,289,501	\$ 370,069

	Cash and Investments		Cash and Investments	
	01-01-04	Receipts	Disbursements	12-31-04
Governmental Funds:				
General	\$ 28,436	\$ 509,680	\$ 488,807	\$ 49,309
Motor Vehicle Highway	37,152	35,233	66,607	5,778
Local Road and Street	3,881	4,621	5,119	3,383
Law Enforcement Continuing Education	1,296	575	1,219	652
Riverboat	7,227	7,207	-	14,434
Rainy Day Fund	-	16,090	-	16,090
Revolving Loan Fund	4,134	2,582	5,762	954
Community Days	1,881	6,373	5,099	3,155
Glenda Steins Trust	7	17,638	11,294	6,351
Dog Donation Fund	-	2,120	2,106	14
Cumulative Capital Improvement	4,083	4,265	6,223	2,125
Cumulative Capital Development	8,408	22,034	26,740	3,702
Economic Development Income Tax	21,275	14,805	34,087	1,993
Washington Township Fire Truck Fund	6,000	6,000	9,000	3,000
Fire Equipment Debt Fund	-	24,080	-	24,080
EDIT Fire Equipment Fund	-	25,000	24,075	925
Proprietary Funds:				
Water Utility - Operating	20,175	187,448	192,219	15,404
Water Utility - Bond and Interest	55,349	152,000	105,392	101,957
Water Utility - Depreciation	42,491	25,074	40,223	27,342
Water Utility - Customer Deposit	8,799	930	1,088	8,641
Water Utility - Reserve	22,500	22,500	22,500	22,500
Wastewater Utility - Operating	119	208,995	207,630	1,484
Wastewater Utility - Bond and Interest	45,533	65,195	65,150	45,578
Wastewater Utility - Depreciation	10,121	31,380	30,596	10,905
Wastewater Utility - Customer Deposit	2,165	450	900	1,715
Wastewater Utility - Reserve	36,000	36,000	36,000	36,000
Fiduciary Fund:				
Payroll	3,037	217,998	219,229	1,806
Totals	\$ 370,069	\$ 1,646,273	\$ 1,607,065	\$ 409,277

The accompanying notes are an integral part of the schedules.

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, 2003, 2004, And 2005
(Continued)

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 49,309	\$ 423,710	\$ 403,614	\$ 69,405
Motor Vehicle Highway	5,778	39,446	33,115	12,109
Local Road and Street	3,383	4,575	4,688	3,270
Law Enforcement Continuing Education	652	573	932	293
Riverboat	14,434	7,208	11,363	10,279
Rainy Day	16,090	-	-	16,090
Revolving Loan Fund	954	45	954	45
Community Days	3,155	5,121	3,728	4,548
Glenda Steins Trust	6,351	6,777	-	13,128
Public Safety Donations	-	400	-	400
Dog Donation Fund	14	-	14	-
Cumulative Capital Improvement	2,125	3,534	2,125	3,534
Cumulative Capital Development	3,702	19,407	9,024	14,085
Economic Development Income Tax	1,993	17,621	-	19,614
Washington Township Fire Truck Fund	3,000	6,000	-	9,000
Fire Equipment Debt Fund	24,080	25,200	15,855	33,425
EDIT Fire Equipment Fund	925	-	925	-
Proprietary Funds:				
Water Utility - Operating	15,404	192,610	195,395	12,619
Water Utility - Bond and Interest	101,957	28,000	79,733	50,224
Water Utility - Depreciation	27,342	85,625	102,328	10,639
Water Utility - Customer Deposit	8,641	1,080	758	8,963
Water Utility - Reserve	22,500	22,500	22,500	22,500
Wastewater Utility - Operating	1,484	208,540	207,387	2,637
Wastewater Utility - Bond and Interest	45,578	28,240	43,800	30,018
Wastewater Utility - Depreciation	10,905	16,500	25,991	1,414
Wastewater Utility - Customer Deposit	1,715	950	750	1,915
Wastewater Utility - Reserve	36,000	36,000	36,000	36,000
Fiduciary Funds:				
Levy Excess	-	7,049	-	7,049
Payroll	1,806	241,870	241,183	2,493
Totals	\$ 409,277	\$ 1,428,581	\$ 1,442,162	\$ 395,696

The accompanying notes are an integral part of the schedules.

TOWN OF LYNN
NOTES TO SCHEDULES

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 SCHEDULES
(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.

Note 7. Long-Term Debt

The Town has entered into various debts such as bonds for the Water and Wastewater Utilities. The outstanding principal at December 31, 2005, was \$73,220 and \$220,000, respectively.

TOWN OF LYNN
EXAMINATION RESULT AND COMMENT

ERRORS ON CLAIMS

The Clerk-Treasurer was not signing all of the claims, nor was she signing the claims docket.

Indiana Code 5-11-10-1.6 states in part:

"(4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct;"

TOWN OF LYNN
EXIT CONFERENCE

The contents of this report were discussed on July 10, 2006, with Kaylene Straley, Clerk-Treasurer; and Judy Mullins, President of the Town Council.