

LYNN TOWNSHIP

HARDIN COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS

JANUARY 1, 2002 – DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

Board of Trustees
Lynn Township
7087 County Road 110
Alger, Ohio 45812

We have reviewed the Independent Auditor's Report of Lynn Township, Hardin County, prepared by Vanessa L. Blevins, CPA, for the audit period January 1, 2002 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Lynn Township is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 20, 2004

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**LYNN TOWNSHIP
HARDIN COUNTY, OHIO**

JANUARY 1, 2002 TO DECEMBER 31, 2003

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REPORT OF INDEPENDENT ACCOUNTANTS

Doris Ralston,
Clerk-Treasurer
Lynn Township
7087 County Road 110

Alger, Ohio 45812

To the Board of Township Trustees:

We have audited the accompanying financial statements of Lynn Township, Hardin County, Ohio, (the Township) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted and originating 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.

As described in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Lynn Township, Hardin County, Ohio, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 21, 2004, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the audit committee, management, the Board and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Vanessa L. Blevins, CPA

July 21, 2004

**LYNN TOWNSHIP
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES- ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	General	Special Revenue	Total (Memorandum Only)
Cash receipts:			
Taxes	\$ 27,179	\$ -	\$ 27,179
Intergovernmental	26,002	58,043	84,045
Fines, licenses, and permits	800	-	800
Interest Revenue	425	1,439	1,864
Miscellaneous	481	2,390	2,871
Total cash receipts	54,887	61,872	116,759
Cash disbursements:			
Current:			
Public safety	8,123	-	8,123
Public health services	7,740	107	7,847
Public works	-	59,921	59,921
Miscellaneous			-
General government	22,608	2,619	25,227
Capital outlay			-
Total cash disbursements	38,471	62,647	101,118
Other financing receipts/(disbursements):			
Transfers-in	-	-	-
Transfers-out	-	-	-
Contingencies	-	-	-
Other financing sources	-	-	-
Total other financing receipts/(disbursements)	-	-	-
Total of Rec. and Other Sources Over (Under) Disbursements and Other Uses			
	16,416	(775)	15,641
Fund cash balances, January 1, 2003	39,608	173,954	213,562
Fund cash balances, December 31, 2003	<u>\$ 56,024</u>	<u>\$ 173,179</u>	<u>\$ 229,203</u>
Reserve for Encumbrances, December 31, 2003			<u>\$ -</u>

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

**LYNN TOWNSHIP
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES- ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Nonexpendable Trust
Operating Cash receipts:	
Interest	\$ 13
Total operating cash receipts	<u>13</u>
Cash disbursements:	
Supplies and Materials	13
Total operating cash disbursements	<u>13</u>
Operating income/(loss)	-
Fund cash balances, January 1, 2003	<u>934</u>
Fund cash balances, December 31, 2003	<u><u>\$ 934</u></u>

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

**LYNN TOWNSHIP
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES- ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	General	Special Revenue	Total (Memorandum Only)
Cash receipts:			
Taxes	\$ 28,027	\$ -	\$ 28,027
Intergovernmental	16,528	57,048	73,576
Fines, licenses, and permits	1,900	-	1,900
Interest Revenue	871	2,320	3,191
Miscellaneous	435	600	1,035
Total cash receipts	47,761	59,968	107,729
Cash disbursements:			
Current:			
Public safety	11,068	60,489	71,557
Public health services	7,321	-	7,321
Public Works	-	-	-
Miscellaneous	-	-	-
General government	19,403	-	19,403
Capital outlay			-
Total cash disbursements	37,792	60,489	98,281
Total receipts over (under) disbursements	9,970	(522)	9,448
Other financing resources:			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Contingencies	-	-	-
Sale of Assets	-	-	-
Total other financing resources	-	-	-
Total of Receipts and Other Sources Over (Under) Disbursements and Other Uses	9,970	(522)	9,448
Fund cash balances, January 1, 2002	29,638	174,476	204,114
Fund cash balances, December 31, 2002	\$ 39,608	\$ 173,954	\$ 213,562
Reserve for Encumbrances, December 31, 2002			\$ -

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

**LYNN TOWNSHIP
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES- ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	Nonexpendable Trust
Operating Cash receipts:	
Interest	\$ -
Total operating cash receipts	<hr/> -
Cash disbursements:	
Purchased services	21
Total operating cash disbursements	<hr/> 21
Operating income/(loss)	(21)
Fund cash balances, January 1, 2002	<hr/> 955
Fund cash balances, December 31, 2002	<hr/> <u>\$ 934</u>

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

**LYNN TOWNSHIP
HARDIN COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Lynn Township, Hardin County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board. The Township provides general governmental services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

General Fund - The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds - These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund - This fund receives gasoline tax money for constructing, maintaining and repairing Township streets.

**LYNN TOWNSHIP
HARDIN COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS
(Continued)

Motor Vehicle License Tax - This fund receives tax money for maintaining and repairing Township roads.

Cemetery Fund - This fund receives money and fees from the sale of lots, and grave openings and closings for purpose of maintaining, grooming and operating of Township cemeteries.

Fiduciary Funds (Trust and Agency Funds) - Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Township is acting in an agency capacity are classified as agency funds. The Township had the following significant fiduciary funds:

Cemetery Bequest Funds - these funds account for resources restricted by legally binding agreements.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources - Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

Encumbrances - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**LYNN TOWNSHIP
HARDIN COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS
(Continued)

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 was as follows:

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 45,500	\$ 54,887	\$ 9,387
Special Revenue	51,600	61,872	10,272
Fiduciary	10	13	3
Total	<u>\$ 97,110</u>	<u>\$ 116,772</u>	<u>\$ 19,662</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 54,500	\$ 38,471	\$ 16,029
Special Revenue	140,500	62,648	77,852
Fiduciary	20	13	7
Total	<u>\$ 195,020</u>	<u>\$ 101,131</u>	<u>\$ 93,889</u>

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 50,617	\$ 47,752	\$ (2,865)
Special Revenue	59,387	59,968	581
Fiduciary	26	-	(26)
Total	<u>\$ 110,030</u>	<u>\$ 107,720</u>	<u>\$ (2,310)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 45,014	\$ 37,076	\$ 7,938
Special Revenue	222,040	61,197	160,842
Fiduciary	-	21	(21)
Total	<u>\$ 267,054</u>	<u>\$ 98,294</u>	<u>\$ 168,759</u>

**LYNN TOWNSHIP
HARDIN COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS
(Continued)

3. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$ 149,187	\$ 133,546
Certificates of deposit	80,000	80,000
Other investments	950	950
Total deposits	<u>\$ 230,137</u>	<u>\$ 214,496</u>

Deposits

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. RETIREMENT SYSTEMS

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**LYNN TOWNSHIP
HARDIN COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS
(Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equal to 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- General liability
- Public Officials Liability
- Automobile Liability, Comprehensive and Collision
- Property Coverage

Vanessa L Blevins, CPA

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Doris Ralston,
Clerk-Treasurer
Lynn Township
7087 County Road 110
Alger, Ohio 45812

To the Members of the Board of Township Trustees:

We have audited the financial statements of Lynn Township, Hardin County, Ohio (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 21, 2004. We conducted our audits in accordance with generally accepted auditing standards originating 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.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 21, 2004.

Sincerely,

Vanessa L. Blevins, CPA

July 21, 2004



**Auditor of State
Betty Montgomery**

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LYNN TOWNSHIP

HARDIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 5, 2004**