
LINCOLN TOWNSHIP
MORROW COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

Whited Seigneur Sams & Rabe, LLP
CERTIFIED PUBLIC ACCOUNTANTS



213 South Paint Street • Chillicothe, Ohio 45601-3828
(740) 702-2600 – Voice • (740) 702-2610 – Fax • wssr@horizonview.net



**Auditor of State
Betty Montgomery**

Board of Trustees
Lincoln Township
3149 County Road 169
Cardington, Ohio 43315

We have reviewed the *Report of Independent Auditor* of the Lincoln Township, Morrow County, prepared by Whited, Seigneur, Sams & Rahe, LLP, for the audit period January 1, 2004 through December 31, 2005. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Auditor* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Auditor* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. The Lincoln Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 18, 2006

This Page is Intentionally Left Blank.

**LINCOLN TOWNSHIP
MORROW COUNTY, OHIO**

TABLE OF CONTENTS

	Page
Report of Independent Auditor	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004	4
Notes to the Financial Statements	5
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10
Schedule of Findings	12
Status of Prior Audit Findings	13

Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Jerry B. Whited, CPA
Donald R. Seigneur, CPA
John R. Sams, CPA



Barry L. Rahe, CPA
Kathleen M. Alderman, CPA
Nathan C. Baldwin, CPA

213 South Paint Street • Chillicothe, Ohio 45601-3828
(740) 702-2600 – Voice • (740) 702-2610 – Fax • wssr@horizonview.net

April 24, 2006

Board of Trustees
Lincoln Township
Morrow County
3149 County Road 169
Cardington, OH 43315

Report of Independent Auditor

We have audited the accompanying financial statements of Lincoln Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2005 and 2004. 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 audits.

We conducted our audits 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 audits to reasonably assure 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 audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2005 and 2004. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township's combined funds as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Lincoln Township, Morrow County, Ohio, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 24, 2006 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 grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in considering the results of our audit.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**LINCOLN TOWNSHIP
MORROW 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, 2005**

	<u>Governmental Fund Types</u>		<u>(Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
CASH RECEIPTS			
Local Taxes	\$ 23,515	\$ 76,237	\$ 99,752
Intergovernmental Receipts	15,699	104,733	120,432
Licenses, Permits & Fees	9,810	3,791	13,601
Earnings on Investments	92	83	175
Other Revenue	<u>0</u>	<u>1,050</u>	<u>1,050</u>
TOTAL CASH RECEIPTS	49,116	185,894	235,010
CASH DISBURSEMENTS			
Current:			
General Government	37,345	0	37,345
Public Safety	499	28,212	28,711
Public Works	0	92,599	92,599
Health	432	11,663	12,095
Capital Outlay	387	14,154	14,541
Debt Service:			
Redemption of Principal	1,530	4,504	6,034
Interest and Fiscal Charges	<u>1,218</u>	<u>1,454</u>	<u>2,672</u>
TOTAL CASH DISBURSEMENTS	<u>41,411</u>	<u>152,586</u>	<u>193,997</u>
TOTAL CASH RECEIPTS AND OTHER OVER/(UNDER) CASH DISBURSEMENTS	7,705	33,308	41,013
OTHER FINANCING SOURCES			
Other Sources	<u>729</u>	<u>0</u>	<u>729</u>
TOTAL OTHER FINANCING SOURCES	<u>729</u>	<u>0</u>	<u>729</u>
EXCESS OF CASH RECEIPTS AND OTHER FINANCING SOURCES OVER/(UNDER) CASH DISBURSEMENTS	8,434	33,308	41,742
Fund Cash Balances, January 1, 2005	<u>13,496</u>	<u>124,436</u>	<u>137,932</u>
Fund Cash Balances, December 31, 2005	<u>\$ 21,930</u>	<u>\$ 157,744</u>	<u>\$ 179,674</u>
Reserve for Encumbrances, December 31, 2005	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**LINCOLN TOWNSHIP
MORROW 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, 2004**

	<u>Governmental Fund Types</u>		<u>(Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
CASH RECEIPTS			
Local Taxes	\$ 24,226	\$ 42,462	\$ 66,688
Intergovernmental Receipts	15,150	91,715	106,865
Licenses, Permits & Fees	3,934	3,672	7,606
Earnings on Investments	73	68	141
Other Revenue	<u>0</u>	<u>2,500</u>	<u>2,500</u>
TOTAL CASH RECEIPTS	43,383	140,417	183,800
CASH DISBURSEMENTS			
Current:			
General Government	53,535	0	53,535
Public Safety	8,334	14,992	23,326
Public Works	261	68,828	69,089
Health	1,000	10,019	11,019
Capital Outlay	1,783	22,319	24,102
Debt Service:			
Redemption of Principal	0	5,899	5,899
Interest and Fiscal Charges	<u>0</u>	<u>3,018</u>	<u>3,018</u>
TOTAL CASH DISBURSEMENTS	<u>64,913</u>	<u>125,075</u>	<u>189,988</u>
TOTAL CASH RECEIPTS AND OTHER OVER/(UNDER) CASH DISBURSEMENTS	(21,530)	15,342	(6,188)
OTHER FINANCING SOURCES			
Other Sources	<u>212</u>	<u>0</u>	<u>212</u>
TOTAL OTHER FINANCING SOURCES	<u>212</u>	<u>0</u>	<u>212</u>
EXCESS OF CASH RECEIPTS AND OTHER FINANCING SOURCES OVER/(UNDER) CASH DISBURSEMENTS	(21,318)	15,342	(5,976)
Fund Cash Balances, January 1, 2004	<u>34,814</u>	<u>109,094</u>	<u>143,908</u>
Fund Cash Balances, December 31, 2004	<u>\$ 13,496</u>	<u>\$ 124,436</u>	<u>\$ 137,932</u>
Reserve for Encumbrances, December 31, 2004	<u>\$ 0</u>	<u>\$ 77</u>	<u>\$ 77</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**LINCOLN TOWNSHIP
MORROW COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **Description of the Entity**

Lincoln Township, Morrow County, Ohio (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 of Trustees. The Township provides general governmental services including road and bridge maintenance and cemetery maintenance. The Township contracts with the Village of Cardington Fire Department to provide emergency medical and fire protection services.

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

- **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.

- **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 to be accounted for in another fund.

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 roads.

Road and Bridge Fund - This fund receives property tax money for the construction, maintenance and repair of Township roads and bridges.

Fire District Fund - This fund received property tax money to provide fire protection and emergency medical services to Township residents.

**LINCOLN TOWNSHIP
MORROW COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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 object level of control, and appropriations may not exceed estimated resources. The Board of Trustees 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 unencumbered 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 carried over and need not be re-appropriated in the subsequent year.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

- **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.

2. EQUITY IN POOLED CASH

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

	2005	2004
Demand deposits	\$ 179,674	\$ 137,932

- **Deposits**

Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities pledged by the financial institution to the Township.

**LINCOLN TOWNSHIP
MORROW COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and December 31, 2004 were as follows:

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 33,500	\$ 49,845	\$ 16,345
Special Revenue	<u>159,300</u>	<u>185,894</u>	<u>26,594</u>
Total	<u>\$ 192,800</u>	<u>\$ 235,739</u>	<u>\$ 42,939</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 46,996	\$ 41,411	\$ 5,585
Special Revenue	<u>283,814</u>	<u>152,586</u>	<u>131,228</u>
Total	<u>\$ 330,810</u>	<u>\$ 193,997</u>	<u>\$ 136,813</u>

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 31,800	\$ 43,594	\$ 11,794
Special Revenue	<u>116,000</u>	<u>140,417</u>	<u>24,417</u>
Total	<u>\$ 147,800</u>	<u>\$ 184,011</u>	<u>\$ 36,211</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 73,145	\$ 64,913	\$ 8,232
Special Revenue	<u>218,563</u>	<u>125,152</u>	<u>93,411</u>
Total	<u>\$ 291,708</u>	<u>\$ 190,065</u>	<u>\$ 101,643</u>

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 of Trustees. 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.

**LINCOLN TOWNSHIP
MORROW COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

4. PROPERTY TAX (Continued)

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. DEBT

Debt outstanding at December 31, 2005 was as follows:

	<u>Interest Principal</u>	<u>Rate</u>
General Obligation Note	\$54,067	4.37%

The general obligation note was issued to finance the purchase of an existing building and land to be used for a township hall. The note is unsecured.

Amortization of the above debt, including interest of \$18,356, is scheduled as follows:

<u>Year Ending December 31</u>	<u>General Obligation Note</u>
2006	\$ 5,571
2007	5,571
2008	5,571
2009	5,571
2010	5,571
Thereafter	<u>44,568</u>
Total	<u>\$ 72,423</u>

6. RETIREMENT SYSTEMS

The Township's 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 post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2005 and 2004. The Township has paid all contributions required through December 31, 2005.

**LINCOLN TOWNSHIP
MORROW COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

7. COMMERCIAL INSURANCE

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Wrongful acts

8. LEGAL COMPLIANCE/NONCOMPLIANCE

Pursuant to Section 117.11 of the Revised Code, the Independent Public Accountant performed tests of compliance with various provisions of local, state and/or federal laws, as appropriate. The Auditor's recommendations and citations, if any, are included in a separate part of this presentation.

Ohio Rev. Code Section 5735.29, states that each Township shall use at least 90% of all Fuel Excise Taxes to supplement, rather than supplant, other local funds used for highway-related purposes. Using the suggested audit procedures provided in the Ohio Compliance Supplement, Chapter 6-4, our calculations showed the following:

Local Funds Disbursed for Highway Purposes:

	<u>2003</u>	<u>2004</u>
Motor Vehicle	\$ 25,871	\$ 0
Road & Bridge	40,118	25,560
Permissive	<u>10,725</u>	<u>7,369</u>
 Total Local Funds	 <u>\$ 76,714</u>	 <u>\$32,929</u>
 2004 Local Highway Fund Disbursements		\$32,929
2003 Local Highway Fund Disbursements		<u>76,714</u>
 Change		 (\$43,785)
 2004 Fuel Excise Tax		 \$68,092
times 10 percent		 <u>X 10%</u>
		 \$ 6,809

Since local highway funds' disbursements were decreased by more than 10% of the 2004 Fuel Excise Tax, \$36,976 of fuel excise tax was used to supplant rather than supplement local funds in 2004.

Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Jerry B. Whited, CPA
Donald R. Seigneur, CPA
John R. Sams, CPA



Barry L. Rahe, CPA
Kathleen M. Alderman, CPA
Nathan C. Baldwin, CPA

213 South Paint Street • Chillicothe, Ohio 45601-3828
(740) 702-2600 – Voice • (740) 702-2610 – Fax • wssr@horizonview.net

April 24, 2006

Board of Trustees
Lincoln Township
Morrow County
3149 County Road 169
Cardington, OH 43315

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*

We have audited the accompanying financial statements of Lincoln Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 24, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audits 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 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 April 24, 2006.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on 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 an instance of noncompliance that is required to be reported under

Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 2004-001. We, however, noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 24, 2006.

This report is intended for the information and use of management and Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**LINCOLN TOWNSHIP
MORROW COUNTY, OHIO
SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	2004-001
----------------	----------

Supplanting Motor Fuel Excise Tax

Ohio Rev. Code Section 5735.29, states that each Township shall use at least 90% of all Fuel Excise Taxes to supplement, rather than supplant, other local funds used for highway-related purposes. Using the suggested audit procedures provided in the Ohio Compliance Supplement, Chapter 6-4, our calculations showed the following:

Local Funds Disbursed for Highway Purposes:

	<u>2003</u>	<u>2004</u>
Motor Vehicle	\$ 25,871	\$ 0
Road & Bridge	40,118	25,560
Permissive	<u>10,725</u>	<u>7,369</u>
 Total Local Funds	 <u>\$ 76,714</u>	 <u>\$32,929</u>
 2004 Local Highway Fund Disbursements		 \$32,929
2003 Local Highway Fund Disbursements		<u>76,714</u>
 Change		 (\$43,785)
 2004 Fuel Excise Tax		 \$68,092
times 10 percent		<u>X 10%</u>
		\$ 6,809

Since local highway funds' disbursements were decreased by more than 10% of the 2004 Fuel Excise Tax, \$36,976 of fuel excise tax was used to supplant rather than supplement local funds in 2004.

Officials' Response: We did not receive a response to this finding from Officials at the Township.

**LINCOLN TOWNSHIP
MORROW COUNTY, OHIO
STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

FINDING NUMBER 2003-001

Ohio Rev. Code Section 5705.41(B) states that expenditures should not exceed appropriations. In 2003, expenditures exceeded appropriations in the General and Capital Projects Issue II funds. This was due mostly to adjustments made to the original financial statements which did not include a bank transaction of \$50,000 in Note Proceeds and Capital Outlay that went directly from the financial institution to the seller in a real estate purchase the Township made. Also, Issue II monies received and spent on behalf of the Township were not posted in 2003. These transactions were not posted and, consequently, were not estimated and appropriated by resolution causing the expenditures to exceed appropriations.

Status: This finding was not applicable during the current audit period. No Issue II monies were received in 2004 or 2005.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

LINCOLN TOWNSHIP

MORROW 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
AUGUST 1, 2006**