



Mary Taylor, CPA
Auditor of State

CROSBY TOWNSHIP
HAMILTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings	17
Schedule of Prior Audit Findings	27

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Mary Taylor, CPA
Auditor of State

Crosby Township
Hamilton County
8910 Willey Rd.
Harrison, Ohio 45099

To the Board of Trustee:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 18, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Crosby Township
Hamilton County
8910 Willey Rd.
Harrison, Ohio 45099

To the Board of Trustees:

We have audited the accompanying financial statements of Crosby Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006. 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 in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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 for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and 2006, 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 and reserves for encumbrances of Crosby Township, Hamilton County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 our report dated November 18, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

November 18, 2008

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES**

**ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Cash Receipts:				
Property and Other Local Taxes	\$258,911	\$207,369	\$0	\$466,280
Charges for Services	0	46,661	0	46,661
Licenses, Permits, and Fees	11,706	16,102	0	27,808
Intergovernmental	175,211	121,100	0	296,311
Earnings on Investments	17,141	5,066	0	22,207
Miscellaneous	21,742	32,158	0	53,900
Total Cash Receipts	484,711	428,455	0	913,166
Cash Disbursements:				
Current:				
General Government	235,644	2,239	0	237,882
Public Safety	913	429,511	0	430,425
Public Works	10,063	55,531	0	65,594
Health	32,235	0	0	32,235
Human Services	23,655	0	0	23,655
Conservation/Recreation	3,803	0	0	3,803
Capital Outlay	14,300	18,466	0	32,766
Debt Service:				
Redemption of Principal	59,944	0	23,181	83,125
Interest and Other Fiscal Charges	15,113	0	0	15,113
Total Cash Disbursements	395,670	505,748	23,181	924,598
Total Receipts Over/(Under) Disbursements	89,041	(77,293)	(23,181)	(11,432)
Other Financing Receipts/(Disbursements):				
Transfers-In	0	417,000	0	417,000
Transfers-Out	(417,000)	0	0	(417,000)
Total Other Financing Receipts/(Disbursements)	(417,000)	417,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(327,959)	339,707	(23,181)	(11,432)
Fund Cash Balance, January 1	957,091	1,084,375	23,181	2,064,647
Fund Cash Balance, December 31	<u>\$629,133</u>	<u>\$1,424,082</u>	<u>\$0</u>	<u>\$2,053,215</u>
Reserve for Encumbrances, December 31	<u>\$26,724</u>	<u>\$24,600</u>	<u>\$0</u>	<u>\$51,324</u>

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

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Special Revenue	Capital Projects	Total
Cash Receipts:				
Property and Other Local Taxes	\$249,914	\$205,692	\$0	\$455,606
Charges for Services	0	631,163	0	631,163
Licenses, Permits, and Fees	11,523	8,115	0	19,638
Fines and Forfeitures	17	0	0	17
Intergovernmental	149,268	151,339	0	300,607
Earnings on Investments	14,519	3,402	0	17,921
Miscellaneous	33,893	36,364	0	70,257
Total Cash Receipts	459,133	1,036,076	0	1,495,209
Cash Disbursements:				
Current:				
General Government	177,975	6,431	0	184,406
Public Safety	0	715,283	0	715,283
Public Works	8,500	58,814	0	67,314
Health	23,500	0	0	23,500
Human Services	18,064	0	0	18,064
Conservation/Recreation	3,357	0	0	3,357
Capital Outlay	15,681	49,064	0	64,745
Debt Service:				
Redemption of Principal	58,654	0	25,000	83,654
Interest and Other Fiscal Charges	4,559	0	11,250	15,809
Total Cash Disbursements	310,289	829,593	36,250	1,176,131
Total Receipts Over Disbursements	148,845	206,483	(36,250)	319,078
Other Financing Receipts/(Disbursements):				
Transfers-In	0	59,000	0	59,000
Transfers-Out	(59,000)	0	0	(59,000)
Total Other Financing Receipts/(Disbursements)	(59,000)	59,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements And Other Financing Disbursements	89,845	265,483	(36,250)	319,078
Fund Cash Balance, January 1	867,247	818,891	59,431	1,745,569
Fund Cash Balance, December 31	\$957,091	\$1,084,375	\$23,181	\$2,064,647
Reserve for Encumbrances, December 31	\$23,115	\$31,262	\$0	\$54,377

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

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Crosby Township, Hamilton County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Hamilton County Sheriff to provide police protection.

The Township participates in the Ohio Township Association Risk Management Authority public entity risk pool. Note 7 to the financial statements provides additional information for these entities.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

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

Fire and EMS Fund – This fund receives monies for providing fire and EMS services to the Fernald site.

Fire District Fund – This fund receives property tax money and customer billing money to provide fire and rescue services to the residents of the Township.

Zoning Fund – This fund receives monies from customers receiving zoning permits within the Township.

Fire Fighter EMT – This fund receives property tax money to provide fire and EMT services.

Motor Vehicle License Tax – This fund receives motor vehicle license tax money to pay for constructing, maintaining, and repairing Township roads.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds

Fire Department Improvement Fund – This fund received proceeds of bonds used for Fire Department building improvements and was established based on the debt agreement.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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. Unencumbered appropriations lapse at year end.

2. 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.

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Cash and Investments

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

	2007	2006
Demand deposits	\$1,339,333	\$1,368,167
Certificates of deposit	536,582	528,664
Total deposits	1,875,915	1,896,831
STAR Ohio	177,829	168,359
Total investments	177,829	168,359
Total deposits and investments	\$2,053,744	\$2,065,191

At December 31, 2007 and 2006 the Township did not reconcile with the bank resulting in the variance between the financial statement ending balances and the carrying amount of deposits and investments presented above.

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

Investments: Investments in STAR Ohio is not evidenced by securities that exist in physical or book-entry form.

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. Budgetary Activity

The Township had limited budgetary records for 2006 and 2007. The current Fiscal Officer requested copies of budgetary information from the Hamilton County Auditor. However, only the certificate of estimated resources and tax budgets were located for 2006 and 2007. Due to this deficiency a budgetary analysis was unable to be performed. The Township did not comply with many sections of budgetary laws as follows:

- Failure to adopt a tax budget by July 15,
- Failure to certify with the County Auditor the amounts from all sources available for expenditures,
- Failure to submit or amend the Certification of Estimated Resources,
- Failure to pass permanent appropriations or certify appropriations with the County Budget Commission,
- Failure to obtain permission to establish the Permissive Motor License Tax Fund.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2005 Fire Station Improvement Bonds	\$248,000	3.75%
Truck Lease	28,419	6.75%
Total	<u>\$276,419</u>	

The Township issued general obligation notes to finance the construction of an administration building. The Township's taxing authority collateralized the note. The note was paid off in 2007.

The Township issued general obligation bonds to finance various improvements to the Township's firehouses. The Township's taxing authority collateralized the bond.

The Township entered into a lease agreement on March 31, 2006 of \$56,837 for a new truck for the maintenance department. The interest rate of the lease is 6.75%. The truck transfers to the Township at the end of the lease. The truck serves as collateral for the lease.

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

5. Debt (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Truck Lease	General Obligation Bonds
2008	\$14,209	\$36,300
2009	14,209	36,288
2010		36,238
2011		37,150
2012		35,988
2013-2017		109,725
Total	<u>\$28,418</u>	<u>\$291,689</u>

6. Retirement Systems

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OP&F participants contributed 10% of their wages. For 2007 and 2006, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages, respectively. For 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Township contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

7. Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

7. Risk Management (Continued)

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

7. Risk Management (Continued)

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$35,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2005	\$17,536
2006	\$17,899
2007	\$16,153

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. Contingent Liabilities

The Township is a defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not adversely affect the Township's financial condition.

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

9. Compliance

- The Township did not maintain complete and accurate financial records.
- The Township did not maintain certain records as required by Ohio law.
- The Township did not post permissive motor vehicle revenue to the Permissive Motor Vehicle Fund.
- The Township did not transfer trustee approved amounts.
- The Township did not deposit money within 24 hours.

10. Subsequent Events

In March of 2008, the Township purchased an ambulance using a lease through 5/3 Bank for \$138,458. The agreement with 5/3 Bank was signed on December 20, 2007. The Township took delivery of the ambulance on March 12, 2008.

11. Prior Period Adjustment

A prior period adjustment was required to adjust the Special Revenue and Capital Project Fund Types for capital project expenses previously accounted for in Special Revenue Funds.

This adjustment had the following effect on fund balances at December 31, 2005.

	Special Revenue	Capital Projects
Ending Fund Balance at Dec. 31, 2005	\$703,108	\$175,214
Adjustment of Fund Balances	<u>115,783</u>	<u>(115,783)</u>
Restated Beginning Fund Balance, January 1, 2006	<u>\$818,891</u>	<u>\$59,431</u>



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Crosby Township
Hamilton County
8910 Willey Road
Harrison, Ohio 45099

To the Township Board of Trustees:

We have audited the financial statements of the Crosby Township, Hamilton County, Ohio (the Township), as of and for the year ended December 31, 2007 and 2006, and have issued our report thereon dated November 18, 2008, 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 also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit and opine on this entity, because Ohio Revised Code section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-004, 2007-006, 2007-009, and 2007-010.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies that are also material weaknesses. However, the significant deficiencies described above, finding numbers 2007-001 and 2007-002 are also material weaknesses.

We noted certain matters that we reported to the Township's management in a separate letter dated November 18, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 and 2007-003 through 2007-009.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 18, 2008.

We intend this report solely for the information and use of management, and the Township Board of Trustees.



Mary Taylor, CPA
Auditor of State

November 18, 2008

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Noncompliance/Material Weakness

Ohio Rev. Code, Section 507.07, requires the Township Fiscal Officer to maintain the books of the Township and exhibit accurate statements of all monies received and expended.

Ohio Admin. Code, Section 117-2-02(A), requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of Administrative Code.

The Township had the following posting errors in 2007, 2006, and 2005 which resulted in audit adjustments and reclassifications to the financial statements:

- The Township posted \$37,500 in Fire Fund intergovernmental receipts to Miscellaneous Revenue in 2006.
- The Township posted \$742 in Fire Fund charges for service to the Fire and EMS Fund Charges for Service in 2006.
- The Township failed to post \$1,221 in Motor Vehicle and Permissive Motor Vehicle License Fund Tax receipts in 2006.
- The Township posted one of the 2006 Homestead and Rollback receipts to the General Fund and the other to the EMS Fund, rather than in accordance with the tax settlement amounts. This resulted in adjustments to increase the General Fund by \$4,805; increase to the Road and Bridge Fund by \$256; increase to the Fire Fund by \$11,419; and decrease to the EMS fund by \$16,480.
- The Township posted \$1,747 in Fire Fund Tax Revenue in the EMS Fund in 2006.
- The Township incorrectly posted \$13,870 to General Fund Miscellaneous Revenue in 2006. Of this, \$2,347 was determined to be General Fund Intergovernmental Revenue. Also, \$11,523 was determined to be General Fund License, Permit, and Fees Revenue for cable franchise fees.
- The Township posted both 2007 Homestead and Rollback receipts to the General Fund rather than in accordance with the tax settlement sheets. This resulted in adjustments to increase the Road and Bridge Fund by \$275; increase the Fire Fund by \$12,025; increase the EMS Fund by \$2,672 and decrease the General Fund by \$14,973.
- The Township incorrectly posted \$26,449 to General Fund Miscellaneous Revenue in 2006. Of this \$14,743 was determined to be General Fund Intergovernmental Revenue and \$11,706 was determined to be General Fund License, Permits, and Fee for cable franchise fees.
- The Township posted a reimbursement from a recycling grant from the county totaling \$9,219 to the EMS Fund rather than the General Fund that funds the recycling program.

**FINDING NUMBER 2007-001
(Continued)**

- The Township posted truck lease payments to Capital Outlay rather than to debt principal and interest in the General Fund.
- Bank reconciliations were not accurate or complete for the twenty-four months under audit. At December 31, 2007, and 2006, the Township's bank balance was greater than the book balance by \$529 and \$543 respectively.
- The Township's outstanding check list was not accurate on their December 31, 2006 cash reconciliation. The Township reported outstanding checks at December 31, 2006 at \$4,712. However, the Township's actual outstanding checks at December 31, 2006 totaled \$48,531.
- The Township incorrectly posted \$115,783 in Capital Project Fund Type expense to the Special Revenue Funds in 2005.

As a result of these errors, receipts for certain line items and funds were incorrectly reported on the Annual Report. The Township made significant audit adjustments required to correct the financial statements. We recommend due care be exercised when posting entries to the cash journal to prevent errors and assist in properly reflecting the Township's financial activity in the annual report.

Failure to accurately prepare and reconcile the accounting records reduces the accountability over Township funds and reduces Trustees' ability to monitor financial activity, increases the likelihood that monies will be misappropriated and not detected, and increases the likelihood that the Township's financial statements will be misstated. Reconciliations are an effective tool to help management determine the completeness of recorded transactions, as well, as ensure that all recorded transactions have been deposited with the financial institution.

We recommend that the Fiscal Officer perform a detailed reconciliation between the bank balance and the Township's general ledger balance monthly. The reconciled account balance (bank balance, less outstanding checks, plus deposits in transit) plus any investment balance should equal the total fund balance. The Fiscal Officer should immediately investigate any variances and provide an explanation for any adjustments needed to be made each month to the accounting system. In addition, the Fiscal Officer should review checks, which are outstanding for six or more months, to determine the reason they have not been cashed, as well as establish procedures to pay those stale-dated checks into an unclaimed money fund. We further recommend that a member of Trustees or all Trustees members review and sign off on the reconciliations thereby indicating approval and monitoring the timeliness of these bank reconciliations.

FINDING NUMBER 2007-002

Material Weakness

Ohio Admin. Code, Section 117-2-01(D)(4), states that when designing the public office's system of internal control and the specific control objective activities, management should plan for adequate segregation of duties or compensating controls.

The small size of the Township's staff does not allow for adequate segregation of duties. The Fiscal Officer performs all the financial record keeping including receipting, depositing, check writing, and posting. This system could result in diversion of funds and bookkeeping errors without detection in a timely manner.

**FINDING NUMBER 2007-002
(Continued)**

The following weaknesses were noted:

- Revenues, as noted in Finding 2007-001, were posted to the wrong funds or accounts and were undetected by the Trustees.
- Bank statements were not properly reconciled.
- The Township Trustees received monthly financial reports, which included bank reconciliations; however, the minutes did not reflect the approval of these reports. This enabled the Fiscal Officer to not properly post transactions that had already been deposited, as stated in Finding 2007-001.
- The adjusted fund balances are approximately \$500 less than the December 31, 2007 and 2006 reconciled bank balance.
- Prior to September 10, 2007, the minutes did not document that Fiscal Officer presented a full financial report to the board for review and signing. Monthly reports should include monthly financial reports, monthly fund balances, and budget-to-actual statements
- 27 and 23 of the Township's minutes in 2006 and 2007 respectively, were signed by at least a trustee and fiscal officer.

We recommend the Township implement monitoring controls over financial processing and reporting, and audit follow-up that will help support the objectives of the Trustees and management in these areas. Monitoring controls should be implemented by someone independent of those performing the tasks.

The following procedures, at a minimum, should be implemented:

- The Trustees should approved monthly financial reports including, but not limited to: bank reconciliations (with supporting documentation such as bank statements and outstanding checklists), estimated versus actual receipts, and appropriations compared to actual expenditures. The Trustees should receive these reports prior to their regular meetings so that members have an opportunity to review the information and ask informed questions. Trustees' approval of these reports should be documented in the minutes. The documents reviewed should be initialed and dated by the reviewer.
- Upon receiving audit reports, the Trustees should take action to see that the findings are addressed and corrected.

Without review and approval of the monthly reconciliations and reports incorrect amounts may not be detected and could result in negative fund balances. By having a system in place for review and approval, errors and discrepancies can be noted and corrected in a timely manner.

An effective monitoring control system should be implemented to assist management in detecting material misstatements in financial information. This would include the Trustees reviewing and approving monthly financial reports, bank reconciliations, fund balances, and budget-to-actual data. Reviewing monthly reports allows Trustees to evaluate the budget and the efficiency of the departments. These reviews and approvals should be noted in the minutes of the Board of Trustees.

FINDING NUMBER 2007-003

Noncompliance/Significant Deficiency

Ohio Rev. Code, Section 5705.41(D)(1), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 maybe paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Township did not properly certify the availability of funds for 92% and 76% of the Township's expenditures tested for 2007 and 2006 respectively, and none of the exceptions above applied. The Township should make every effort to properly utilize the encumbrance method of accounting by certifying funds on purchase orders. Failure to properly certify funds could result in overspending the Township's funds.

**FINDING NUMBER 2007-003
(Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improved controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to a commitment being encumbered. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2007-004

Noncompliance/Significant Deficiency

Ohio Rev. Code, Section 5705.10(D), requires all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. The Township failed to post permissive motor vehicle license revenue into the Permissive Motor Vehicle License Fund, as noted in Finding 2007-001. Failure to post revenue in the correct fund could result in the Township using the revenue for unintended or illegal purposes. We recommend due care be exercised when posting entries to the cash journal to prevent errors and assist in properly reflecting the Township's financial activity in the annual report.

FINDING NUMBER 2007-005

Noncompliance

Ohio Rev. Code, Section 5705.36(A)(1), requires the fiscal officer to certify to the County Auditor on or about January 1, the amount from all sources available for expenditures in each fund in the budget, with year-end balances. The Fiscal Officer was unable to locate the Certificate of All Sources Available for Expenditures for the years ending December 31, 2006, and December 31, 2007, and the County Auditor did not have copies of these documents on file. We recommend the Township create the Certificate of All Sources Available for Expenditures form and submit it to the County Auditor for certification to adhere to the above requirement and to assist the Township in maintaining accurate balances and encumbrances.

FINDING NUMBER 2007-006

Noncompliance/Significant Deficiency

Ohio Rev. Code, Section 5705.14(E), states money may be transferred from the General Fund to any other fund of the subdivision by resolution of the taxing authority. The Township approved a \$29,000 transfer from the General Fund to the Motor Vehicle License Fund; however, the trial balance reported a transfer of \$30,000, resulting in an unapproved transfer of \$1,000. In addition the Township approved a \$450,000 transfer from the General Fund to the Fire Fund; however, the trial balance reported only a transfer of \$387,000 resulting in \$63,000 approved but not transferred. We recommend the Township use due care when making transfers so they only approve and transfer the amounts needed.

FINDING NUMBER 2007-007

Noncompliance

Ohio Rev. Code, Section 149.351(A), provides, in part, that all records that are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the Record Commission provided for under Sections 149.38 to 149.42 of the Revised Code.

Ohio Rev. Code, Section 5705.36(A)(2), states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater or less than the amount include in an official certificate, the fiscal officer may certify the amount of the deficiency or excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the deficiency or excess.

Ohio Rev. Code, Section 5705.36(A)(3), states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater than the amount included in an official certificate and the legislative authority intends to appropriate and expend the excess revenue, the fiscal officer shall certify the amount of the excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting such excess.

Ohio Rev. Code, Section 5705.36(A)(4), states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

The Township did not maintain the Certificates of Estimated Resources for both 2006 and 2007; however, the County Auditor provided certified copies.

The Township did not submit an Amended Certificate and the Certificate of Estimated Resources exceeded actual receipts during the audit period.

2006 Opinion Unit	Certificate of Estimated Resources	Actual Receipts	Variance
Special Revenue	\$1,564,195	\$1,046,276	\$(517,919)

2007 Opinion Unit	Certificate of Estimated Resources	Actual Receipts	Variance
Special Revenue	\$502,785	\$413,480	\$(89,305)

**FINDING NUMBER 2007-007
 (Continued)**

The Township did not submit an Amended Certificate, and the actual disbursements exceeded the Certificate of Estimated Resources during the audit period as follows:

2006 Opinion Unit	Certificate of Estimated Resources	Actual Disbursements	Variance
General Fund	\$329,981	\$369,289	\$(39,308)

2007 Opinion Unit	Certificate of Estimated Resources	Actual Disbursements	Variance
Special Revenue	\$502,785	\$505,748	\$(4,225)

The Township did not have adequate procedures to develop budgetary amounts, monitor budget variances, and make appropriate adjustments. We recommend the Township amend the certificate of Estimated Resources as needed to avoid the possibility of mis-budgeting and over spending monies. We also recommend the Township maintain the Certificate of Estimated Resources in their files. Failure to properly budget can result in over spending and negative fund balances.

FINDING NUMBER 2007-008

Noncompliance

Ohio Rev. Code, Section 149.351(A), provides, in part, that all records that are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the Record Commission provided for under Sections 149.38 to 149.42 of the Rev. Code.

Ohio Rev. Code, Section 5705.38(A), requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

Ohio Rev. Code, Section 5705.39, states, in part, that no appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimated resources or amended official estimated resources.

Ohio Rev. Code, Section 5705.41(B), states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Township failed to maintain the appropriations resolutions and temporary appropriations for 2006 they passed in the minutes.

The Board of Township Trustees did not pass a permanent appropriation measure for 2007 and 2006. Failure to approve the permanent appropriation measure in a timely manner could result in overspending due to lack of monitoring.

**FINDING NUMBER 2007-008
(Continued)**

The Board approved temporary appropriations in 2006 and 2007; however, the appropriations were not filed and certified with the County Auditor.

In addition, the Township did not legally adopt permanent appropriations during 2006 and 2007; therefore, all expenditures were in excess of appropriations.

The Township did not have adequate procedures to develop budgetary amounts, monitor budget variances, and make appropriate adjustments. We recommend the Township maintain their appropriation resolutions and temporary resolutions in their files. We also recommend the Township adopt its permanent annual appropriations measure on or about the first day of the fiscal year, or operate under temporary appropriations until no later than April 1st. Approval of the permanent appropriation measure should be documented in the Township's minutes. We further recommend that the Fiscal Officer file the appropriations with the County Auditor to be certified by the County Budget Commission. Adopted appropriations should be filed with the County Auditor in a timely manner to be certified making the appropriation measure effective. Failure to properly budget can result in over spending and negative fund balances.

FINDING NUMBER 2007-009

Noncompliance/Significant Deficiency

Ohio Rev. Code, Section 9.38, requires that public money must be deposited with the Fiscal Officer of the public office or to a designated depository on the business day following the day of receipt, if the total amount of such moneys received exceeds \$1,000.

This section also stipulates that if the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting officials who receive money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the next business day.

The Township did not deposit monies within the required time frame. Deposits were made in a range of two to 14 days for the majority (Over 75%) of receipts during 2006 and 2007.

The Township did not develop a formal policy or procedures to comply with requirements of timely depositing. Failure to deposit monies in accordance with the Ohio Rev. Code could result in misappropriation of Township funds as well as result in the loss of interest revenue. We recommend the Fiscal Officer make timely deposits of all Township monies within 24 hours, or develop and follow a policy of depositing within 3 days if monies held are less than \$1,000 and adequately safeguarded in a safe or lock box.

FINDING NUMBER 2007-010

Significant Deficiency

Ohio Admin. Code, Section 117-2-02(C)(1), states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

The Township's Fiscal Officer did not include the updated amounts for the budgetary estimated revenues on the official budgetary documents approved by the Board and certified to the County Budget Commission as follows for the financial statement opinion units:

Opinion Unit	Estimated Resources Per UAN	Estimated Resources Per Budgetary Documents	Variance of Estimated Resources Between the System and Documents
2006			
General (001)	\$342,341	\$329,981	\$12,360
Special Revenue Funds	1,114,469	1,564,195	(449,726)

Opinion Unit	Estimated Resources Per UAN	Estimated Resources Per Budgetary Documents	Variance of Estimated Resources Between the System and Documents
2007			
General (001)	\$359,549	\$366,894	\$(7,345)
Special Revenue Funds	933,710	502,785	430,925

The Township's financial accounting computer system did not include the updated amounts for the budgetary appropriations. The Board approved appropriations for 2006 and 2007; however, they were unable to be located for 2006. Neither 2006 nor 2007 were certified by the County Budget Commission. The table shows the Board approved appropriations compared to the system with the understanding that since the appropriations were not certified by the Budget Commission the real appropriations are zero for both 2006 and 2007:

Opinion Units	Appropriations Per UAN	Approved but not Certified Appropriations Per Budgetary Documents	Variance of Certified Appropriations Between the System and Documents
2006			
General (001)	\$492,552	\$0	\$492,552
Special Revenue Funds	1,058,368	0	1,058,368

**FINDING NUMBER 2007-010
(Continued)**

Opinion Units	Appropriations Per UAN	Approved but not Certified Appropriations Per Budgetary Documents	Variance of Certified Appropriations Between the System and Documents
2007			
General (001)	\$982,654	\$350,905	\$631,749
Special Revenue Funds	651,601	655,825	(4,224)

The Township did not have adequate procedures to develop budgetary amounts, monitor budget variances, and make appropriate adjustments. Failure to properly budget can result in over spending and negative fund balances. To promote the timely monitoring of the Township’s budget, we recommend that as the County Budget Commission approves the appropriation, the Fiscal Officer should update the budgetary estimated revenues and appropriations amounts in the financial accounting computer system. In addition, we recommend the Township maintain all records of resolutions and appropriations passed in meetings.

We did not receive a response from Officials to the findings reported above.

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2005-001	Cash Reconciliation	No	Reissued as Finding 2007-001
2005-002	Segregation of Duties	No	Reissued with Finding 2007-002
2005-003	ORC 5705.41(D) (1), The Township did not Properly encumber all transactions.	No	Reissued as Finding 2007-003
2005-004	Tthe Township did not establish a Permissive Motor Vehicle Fund	No	Reissued as Finding 2007-004
2005-005	OAC 117-2-02(A), The Township did not maintain an adequate accounting system and records.	No	Reissued as Finding 2007-001
2005-006	ORC 5705.41(B), The Township had expenditures in excess of appropriations.	No	Reissued as Finding 2007-008
2005-007	ORC 5705.38(A), The Township did not retain copies of approved appropriations	No	Reissued as Finding 2007-008
2005-008	ORC 5705.36, The Township did not submit Certificate of Total Amount from all Sources Available for Expenditure.	No	Reissued as Finding 2007-005
2005-009	ORC 5705.10(H) The township had monies to be paid to improper funds as evidenced by negative fund balances.	Yes	
2005-010	ORC 5705.39, The Township had appropriations in excess of Estimated Resources	No	Reissued as Finding 2007-008
2005-011	ORC 9.38, The Township did not timely deposit monies.	No	Reissued as Finding 2007-009



Mary Taylor, CPA
Auditor of State

CROSBY TOWNSHIP

HAMILTON 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
DECEMBER 16, 2008**