



Mary Taylor, CPA
Auditor of State

**CROSBY TOWNSHIP
HAMILTON COUNTY**

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Mary Taylor, CPA
Auditor of State

Crosby Township
Hamilton County
8910 Willey Road
Harrison, Ohio 45030

To the Board of Trustees:

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 Township 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

October 25, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Crosby Township
Hamilton County
8910 Willey Road
Harrison, Ohio 45030

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, 2009 and 2008. 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, 2009 and 2008 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, 2009 and 2008, 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, Ohio as of December 31, 2009 and 2008, 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 October 25, 2010, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 25, 2010

**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, 2009**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$238,994	\$365,415	\$604,409
Charges for Services		71,078	71,078
Licenses, Permits, and Fees	18,238	6,444	24,682
Intergovernmental	113,641	326,652	440,293
Earnings on Investments	1,346	605	1,951
Miscellaneous	9,923	3,597	13,520
Total Cash Receipts	382,142	773,791	1,155,933
Cash Disbursements:			
Current:			
General Government	161,355	19,897	181,252
Public Safety		505,891	505,891
Public Works	11,624	83,280	94,904
Health	9,278		9,278
Human Services	23,265		23,265
Conservation - Recreation	1,895	940	2,835
Capital Outlay	13,850	105,536	119,386
Debt Service:			
Redemption of Principal		67,818	67,818
Interest and Other Fiscal Charges		13,717	13,717
Total Cash Disbursements	221,267	797,079	1,018,346
Total Receipts Over/(Under) Disbursements	160,875	(23,288)	137,587
Other Financing Receipts / (Disbursements):			
Transfers-In	559,037	581,103	1,140,140
Transfers-Out	(557,900)	(582,240)	(1,140,140)
Advances-In	142,000		142,000
Advances-Out		(142,000)	(142,000)
Total Other Financing Receipts / (Disbursements)	143,137	(143,137)	0
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	304,012	(166,425)	137,587
Fund Cash Balances, January 1	589,863	1,412,590	2,002,453
Fund Cash Balances, December 31	\$893,875	\$1,246,165	\$2,140,040
Reserve for Encumbrances, December 31	\$22,939	\$200	\$23,139

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, 2008**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$221,215	\$356,247	\$577,462
Charges for Services	900	60,578	61,478
Licenses, Permits, and Fees	16,355	8,021	24,376
Intergovernmental	123,999	183,173	307,172
Earnings on Investments	11,290	4,462	15,752
Miscellaneous	7,627	1,766	9,393
Total Cash Receipts	381,386	614,247	995,633
Cash Disbursements:			
Current:			
General Government	195,747	2,765	198,512
Public Safety		508,058	508,058
Public Works	10,926	87,942	98,868
Health	12,497		12,497
Human Services	21,842		21,842
Conservation - Recreation	3,799		3,799
Capital Outlay	13,200	107,806	121,006
Debt Service:			
Redemption of Principal		64,887	64,887
Interest and Other Fiscal Charges		16,650	16,650
Total Cash Disbursements	258,011	788,108	1,046,119
Total Receipts Over/(Under) Disbursements	123,375	(173,861)	(50,486)
Other Financing Receipts / (Disbursements):			
Transfers-In		20,371	20,371
Transfers-Out	(20,371)		(20,371)
Advances-In		142,000	142,000
Advances-Out	(142,000)		(142,000)
Other Financing Uses	(276)		(276)
Total Other Financing Receipts / (Disbursements)	(162,647)	162,371	(276)
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(39,272)	(11,490)	(50,762)
Fund Cash Balances, January 1	629,133	1,424,082	2,053,215
Fund Cash Balances, December 31	\$589,861	\$1,412,592	\$2,002,453
Reserve for Encumbrances, December 31	\$4,318	\$40,066	\$44,384

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

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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. Deposits 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, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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.

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, function or 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. 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.

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 2009 and 2008 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.

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. Equity in Pooled Deposits and Investments

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

	2009	2008
Demand deposits	\$1,409,164	\$1,273,166
Certificates of deposit	548,515	547,433
Total deposits	1,957,679	1,820,599
STAR Ohio	182,888	182,384
Total investments	182,888	182,384
Total deposits and investments	\$2,140,567	\$2,002,983

At December 31, 2009 and 2008 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 and collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$332,659	\$941,178	\$608,519
Special Revenue	660,657	1,354,893	694,236
Total	\$993,316	\$2,296,071	\$1,302,755

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$914,535	\$802,106	\$112,429
Special Revenue	1,525,810	1,379,519	146,291
Total	\$2,440,345	\$2,181,625	\$258,720

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$374,845	\$381,386	\$6,541
Special Revenue	659,820	634,618	(25,202)
Total	\$1,034,665	\$1,016,004	(\$18,661)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$446,568	\$282,976	\$163,592
Special Revenue	1,156,747	828,174	328,573
Total	\$1,603,315	\$1,111,150	\$492,165

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.

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. Debt

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Firehouse Improvement Bonds	\$193,000	3.75%
Ambulance Lease	86,532	4.50%
Total	\$279,532	

The Township issued general obligation bonds on April 1, 2005 to finance various improvements to the Township's firehouses. The bonds will be repaid in annual installments, with an interest rate of 3.75%, over a 10 year period, maturing in April 2015. The Township's taxing authority collateralized the bond.

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. Debt (Continued)

The Township entered into a lease-purchase agreement through Fifth Third Bank for the purchase of a new ambulance on December 20, 2007 for a period of 5 years at 4.50%. Payments of \$15,510, which include interest, are made semiannually on June and December 20. The lease is collateralized by the ambulance.

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

Year ending December 31:	Fire House Improvement	Ambulance
	Bonds	Lease
2010	\$36,238	\$31,022
2011	37,150	\$31,022
2012	35,987	\$31,022
2013	36,825	
2014	36,588	
2015-2019	36,312	
Total	\$219,100	\$93,065

6. Retirement Systems

A. Ohio Public Employee Retirement System

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the OPERS have an option to choose Social Security. As of December 31, 2009 and 2008, 29 and 28 employees of the Township's volunteer Fire/EMS and maintenance departments, respectively, of the Township have elected Social Security. The employees' liability is 6.2 percent of wages paid.

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.

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. Risk Management (Continued)

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

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, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$16,800.

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.

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. Risk Management (Continued)

<u>Contributions to OTARMA</u>	
<u>2009</u>	<u>2008</u>
\$15,701	\$18,513

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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. Compliance

- The Township did not maintain complete and accurate financial records.
- The Township had appropriations in excess of estimated resources.

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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 STANDARD

Crosby Township
Hamilton County
8910 Willey Road
Harrison, Ohio 45030

To the Township Board of Trustees:

We have audited the financial statements of Crosby Township, Hamilton County, Ohio (the Township), as of and for the year ended December 31, 2009 and 2008, and have issued our report thereon dated October 25, 2010, 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 Hanover Township. 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 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 and 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 25, 2010.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management and Township Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 25, 2010

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2009-001

Noncompliance/Material Weakness

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

In addition, **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.

The Township had the following posting errors in 2009 and 2008 which resulted in audit adjustments and reclassifications to the financial statements:

- Cable Franchise Fees were posted as Miscellaneous Revenue in both 2009 and 2008 in the amounts of \$14,220 and \$12,844 respectively. These amounts should be posted as License, Permits, and Fees.
- The Community Development Block Grant (CDBG) of \$65,470 was not recoded as a revenue or expenditure during 2009.
- The Homestead and Rollback settlements received from the State of Ohio were posted entirely to the General Fund in both 2009 and 2008. For 2009, \$44,728 should have been posted to the Fire Fund (Fund 2111); \$3,152 should have been posted to the Firefighter EMT Fund (Fund 2191); and \$343 should have been posted to the Road and Bridge Fund (Fund 2031). For 2008, \$42,479 should have been posted to the Fire Fund (Fund 2111); \$2,993 should have been posted to the Firefighter EMT Fund (Fund 2191); and \$309 should have been posted to the Road and Bridge Fund (Fund 2031).
- Tangible Personal Property Reimbursements, \$10,000 Personal Property Exemption, and the Public Utilities Reimbursement (Senate Bill #3) were all posted to Tax Revenue and should have been posted as Intergovernmental. During 2009, \$27,454 was reclassified in the General Fund (Fund 1000); \$33,619 was reclassified in the Fire Fund (Fund 2111); \$7,420 was reclassified in the Firefighter EMT Fund (Fund 2191); and \$298 was reclassified in the Road and Bridge Fund (Fund 2031). During 2008, \$23,348 was reclassified in the General Fund (Fund 1000); \$28,359 was reclassified in the Fire Fund (Fund 2111); \$6,284 was reclassified in the Firefighter EMT Fund (Fund 2191); and \$331 was reclassified in the Road and Bridge Fund (Fund 2031).

As a result of these errors, receipts for certain line items and funds were incorrectly reported on the Annual Report. Significant reclassifications and adjustments were made to individual line items and funds on the financial statements and accounting records. 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.

The Fiscal Officer should review Auditor of State Bulletin 2000-008 that describes the required cash basis accounting procedures for on-behalf grants/loans for improvement projects.

In addition, the Township should adopt procedures for the review of the financial activity posted to the accounting records and financial statements.

**FINDING NUMBER 2009-001
(Continued)**

Official's Response:

For 2010 all transactions are now being posted correctly. In addition, no grants have been received by Crosby Township at the date of this response.

FINDING NUMBER 2009-002

Noncompliance

Ohio Rev. Code, Section 5705.39, provides in part that the total appropriation from each fund shall not exceed the estimated revenue available for expenditure therefrom as certified by the county budget commission, or in case of appeal, by the board of tax appeals. The Township had appropriations greater than estimated resources during the audit period as follows:

Fund	Estimated Resources	Appropriations	Variance
Motor Vehicle License Fund - 2008	\$39,800	\$44,636	\$(4,836)
Road and Bridge Fund - 2008	24,489	28,300	(3,811)
Fire District Fund - 2008	633,781	703,735	(69,954)
Miscellaneous Special Revenue Fund - 2008	9,010	62,371	(53,361)

Failure to properly monitor and amended appropriations and estimated revenue may lead to overspending and negative fund balances. We recommend the Township periodically review appropriations and estimated revenue and amend as needed.

Official's Response:

The Township approved resolutions for transfers and advances for these funds to increase the estimated resources to meet appropriations however; these transactions were not certified with the County Auditor as required to be in the official certificate of estimated resources. The fiscal officer has taken steps to correct this issue has indicated for 2009 by compliance with this requirement.

**CROSBY TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	ORC 507.07 and OAC 117-2-02(A) Maintaining accounting records and system	No	Reissued as Finding 2009-001
2007-002	OAC 117-2-01 (D)(4) Adequate internal controls and segregation of duties	Yes	
2007-003	ORC 5705.41 (D)(1) Properly encumbering transactions	No	Reissued in Management Letter
2007-004	ORC 5705.10 (D) requires a special fund for revenue with a particular purpose	Yes	
2007-005	ORC 5705.36 (A)(1) requires certifying the amount from all sources available for expenditures	Yes	
2007-006	ORC 5705.14 (E) required resolution of the taxing authority for fund transfers	Yes	
2007-007	ORC 149.351(A); ORC 5705.36(A)(2); ORC 5705.36(A)(3); ORC 5705.36(A)(4) destruction of records, obtaining amended certificates	Yes	
2007-008	ORC 149.351(A); ORC 5705.38(A); ORC 5705.39; ORC 5705.41(B) destruction of records; Approving appropriation resolution; total appropriations do not exceed estimate; no expenditures until appropriated	No, ORC 5705.39	Reissued as Finding 2009-002
2007-009	ORC 9.38 Depositing of public money	Yes	
2007-010	OAC 117-2-02(C)(1) integration of budgetary accounts at the legal level of control into the financial system	No	Reissued in Management Letter

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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
NOVEMBER 16, 2010**