

**CROSBY TOWNSHIP**  
*HAMILTON COUNTY, OHIO*

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**



OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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Board of Trustees  
Crosby Township  
8910 Willey Road  
Harrison, Ohio 45030

We have reviewed the *Independent Auditor's Report* of Crosby Township, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads 'Keith Faber'.

Keith Faber  
Auditor of State  
Columbus, Ohio

February 08, 2023

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**CROSBY TOWNSHIP**  
*HAMILTON COUNTY*

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# Bastin & Company, LLC

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

Crosby Township  
Hamilton County  
8910 Willey Road  
Harrison, Ohio 45030

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Crosby Township, Hamilton County (the Township), as of and for the years ended December 31, 2019 and 2018.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Basis for Adverse Opinion on U.S Generally Accepted Accounting Principle***

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Township as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

### ***Emphasis of Matters***

As discussed in Note 11 to the 2019 financial statements and note 12 to the 2018 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. As discussed in Note 11 to the 2018 financial statements, the Township restated beginning fund cash. We did not modify our opinion regarding this matter.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

*Bastin & Company, L L C*

Williamsburg, Ohio  
December 20, 2022



**Crosby Township**  
*Hamilton County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2019*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 502,431	\$ 817,978	\$ 1,320,409
Charges for Services	-	62,874	62,874
Licenses, Permits and Fees	47,961	-	47,961
Intergovernmental	79,695	284,352	364,047
Earnings on Investments	18,705	7,436	26,141
Miscellaneous	9,285	9,540	18,825
<i>Total Cash Receipts</i>	<u>658,077</u>	<u>1,182,180</u>	<u>1,840,257</u>
<b>Cash Disbursements</b>			
Current:			
General Government	230,690	2,273	232,963
Public Safety	19,677	680,996	700,673
Public Works	11,780	4,462	16,242
Health	9,365	-	9,365
Human Services	17,611	-	17,611
Conservation-Recreation	13,682	-	13,682
Capital Outlay	38,488	19,622	58,110
<i>Total Cash Disbursements</i>	<u>341,293</u>	<u>707,353</u>	<u>1,048,646</u>
<i>Net Change in Fund Cash Balances</i>	316,784	474,827	791,611
<i>Fund Cash Balances, January 1</i>	<u>2,139,433</u>	<u>1,411,121</u>	<u>3,550,554</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	1,874,412	1,874,412
Committed	-	11,536	11,536
Assigned	20,386	-	20,386
Unassigned	2,435,831	-	2,435,831
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,456,217</u>	<u>\$ 1,885,948</u>	<u>\$ 4,342,165</u>

*See accompanying notes to the basic financial statements*

**Crosby Township**  
*Hamilton County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2019*

	<i>Agency</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Other Financing Uses	(6,400)
<i>Total Non-Operating Receipts (Disbursements)</i>	(6,400)
<i>Fund Cash Balances, January 1</i>	11,300
<i>Fund Cash Balances, December 31</i>	\$ 4,900

*See accompanying notes to the basic financial statements*

**Crosby Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Crosby Township, Hamilton County, (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, fire protection and emergency medical services. The Township contracts with the Hamilton County Sheriff to provide police protection.

***Public Entity Risk Pools***

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***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.

**Crosby Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

Agency Funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for bond deposits related to new street development by builders.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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

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

***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.

A summary of 2019 budgetary activity appears in Note 4.

***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.

**Crosby Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Capital Assets***

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

***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.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Crosby Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 3 – Compliance**

Contrary to Ohio law, the Township did not approve an annual appropriation resolution at a minimum level of budgetary control or obtain a certificate of estimated resources from the County Budget Commission. As a result, budgetary expenditures in all funds exceeded appropriation authority. In addition, the Township did not certify expenditures in a timely manner.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 658,077	\$ 658,077
Special Revenue	-	1,182,180	1,182,180
Total	\$ -	\$ 1,840,257	\$ 1,840,257

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 280,467	\$ (280,467)
Special Revenue	-	827,962	(827,962)
Total	\$ -	\$ 1,108,429	\$ (1,108,429)

**Note 5 – 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, 2019 was as follows:

Demand deposits	<u>\$4,347,065</u>
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***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 – Property Taxes**

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.

**Crosby Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

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

**Note 7 – Risk Management**

*Risk Pool Membership*

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

**Note 8 – Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

Some 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. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

*Social Security*

Several Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

**Crosby Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 11 – Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



**Crosby Township**  
*Hamilton County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2018*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 377,071	\$ 604,353	\$ 981,424
Charges for Services	-	58,303	58,303
Licenses, Permits and Fees	49,871	-	49,871
Intergovernmental	72,567	178,963	251,530
Earnings on Investments	15,033	6,632	21,665
Miscellaneous	9,824	8,928	18,752
<i>Total Cash Receipts</i>	<u>524,366</u>	<u>857,179</u>	<u>1,381,545</u>
<b>Cash Disbursements</b>			
Current:			
General Government	217,252	2,341	219,593
Public Safety	19,260	680,574	699,834
Public Works	11,797	7,445	19,242
Health	13,499	-	13,499
Human Services	24,433	-	24,433
Conservation-Recreation	16,083	-	16,083
Capital Outlay	33,161	67,436	100,597
<i>Total Cash Disbursements</i>	<u>335,485</u>	<u>757,796</u>	<u>1,093,281</u>
<i>Net Change in Fund Cash Balances</i>	188,881	99,383	288,264
<i>Fund Cash Balances, January 1, restated</i>	<u>1,950,552</u>	<u>1,311,738</u>	<u>3,262,290</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	1,404,371	1,404,371
Committed	-	6,750	6,750
Assigned	3,289	-	3,289
Unassigned	2,136,144	-	2,136,144
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,139,433</u>	<u>\$ 1,411,121</u>	<u>\$ 3,550,554</u>

*See accompanying notes to the basic financial statements*

**Crosby Township**  
*Hamilton County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2018*

	<i>Agency</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Other Financing Sources	\$ 1,600
Other Financing Uses	(8,000)
<i>Total Non-Operating Receipts (Disbursements)</i>	(6,400)
<i>Fund Cash Balances, January 1</i>	17,700
<i>Fund Cash Balances, December 31</i>	\$ 11,300

*See accompanying notes to the basic financial statements*

**Crosby Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 1 – Reporting Entity**

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***Public Entity Risk Pools***

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

**Note 2 – Summary of Significant Accounting Policies**

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**Crosby Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Basis of Accounting***

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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

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

***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.

A summary of 2018 budgetary activity appears in Note 4.

***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.

**Crosby Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Capital Assets***

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

***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.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Compliance**

Contrary to Ohio law, the Township did not approve an annual appropriation resolution at a minimum level of budgetary control. As a result, budgetary expenditures in all funds exceeded appropriation authority. In addition, the Township did not certify expenditures in a timely manner.

**Crosby Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 392,023	\$ 524,366	\$ 132,343
Special Revenue	817,941	857,179	39,238
Total	\$ 1,209,964	\$ 1,381,545	\$ 171,581

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 339,629	\$ (339,629)
Special Revenue	-	779,840	(779,840)
Total	\$ -	\$ 1,119,469	\$ (1,119,469)

**Note 5 – 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:

	2018
Demand deposits	\$3,561,854

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 – Property Taxes**

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.

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

**Crosby Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 7 – Risk Management**

*Risk Pool Membership*

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$7,874,610

**Note 8 – Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

Some 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. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

*Social Security*

Several Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

**Crosby Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 11 – Restatement of Fund Balances**

The Township’s fund cash balances at January 1, 2018 have been restated for checks written in prior years that have been voided. This adjustment resulted in the following changes in fund balances at January 1, 2018.

	<u>General Fund</u>	<u>Special Revenue Fund Type</u>
Fund balance December 31, 2017, as previously reported	\$1,949,109	\$1,311,678
Voided checks	<u>1,443</u>	<u>60</u>
Fund balance January 1, 2018, as restated	<u>\$1,950,552</u>	<u>\$1,311,738</u>

**Note 12 – Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S 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 45030

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of Crosby Township, Hamilton County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2022 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township. In addition, in 2018, the Township restated beginning fund cash balances.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings, that we consider material weaknesses. We consider findings 2019-01 and 2019-02 to be a material weaknesses.

### ***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, opining 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 2019-03 through 2019-07.

### ***Township's Response to Findings***

The Township's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not subject the Township's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bastin & Company, LLC*

Williamsburg, Ohio  
December 20, 2022

**Crosby Township**  
*Hamilton County*  
*Schedule of Findings*  
*December 31, 2019 and 2018*

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2019-01**

Material Weakness - Bank Reconciliations

A necessary step in the internal control over financial reporting is to reconcile the bank balances to the accounting records cash balance each month. Bank reconciliation means accounting for the differences between the balance of the bank statement(s) and the cash and investment balances according to the Township's records.

The Township's bank reconciliations did not effectively or accurately identify reconciling items that represent differences between bank balances and the balances recorded within the accounting system.

Subsequent to completing the draft of the financial statements, additional procedures were performed to identify the reconciling variances. Based on the results of these procedures, audit adjustments were identified and have been made to the audited financial statements for both 2018 and 2019.

We recommend that the Township implement control procedures to ensure that monthly bank reconciliations are prepared timely and accurately and that they properly identify any adjustments needing to be made. In addition, a review and formal approval of the monthly reconciliations should be performed by someone independent of the person preparing the reconciliation.

**Finding Number 2019-02**

Material Weakness - Financial Reporting

The following audit adjustments were required to be made to the financial statements that were not initially identified by the Township's internal control.

- For 2019, the Township's financial statements presented for audit contained the activities of it's Zoning Department within the Special Revenue Fund Type. These receipts, disbursements and the fund cash balance relate to normal administrative functions of the Township and have been reclassified as activities and balances of the General Fund.
- For 2019, the Township's financial statements contained the activities of it's Miscellaneous Street Fund within the Special Revenue Fund Type. These receipts, disbursements and the fund cash balance relate to contractor bond deposits that are returned upon project completion and have been reclassified as activities and balances of an Agency Fund Type.
- As of December 31, 2018, the Township's bank reconciliation reflected an unreconciled balance of \$14,169. Additional procedures disclosed a check totaling \$3,059 was listed as outstanding, in error. The remaining unreconciled balance of \$11,110 represented transactions that were not properly accounted for within the accounting system consisting of Federal and State payroll taxes paid that were not recorded totaling \$24,640, and State payroll taxes had been recorded but not paid totaling \$13,530. In addition, the Township voided various checks totaling \$4,124 written during and prior to

2018. The recoding of the voided checks was made to balances as of January 1, 2021 instead of the year they were written.

Adjustments to the financial statements have been made to properly record the effect of these items. The overall effect resulted in reducing fund cash balances by \$6,986 as of December 31, 2018.

- As of December 31, 2019, the Township's bank reconciliation reflected an unreconciled balance of \$70,041. Additional procedures disclosed checks totaling \$4,655 were listed as outstanding, in error. The remaining unreconciled balance of \$65,386 represented transactions that were not properly accounted for within the accounting system consisting of the 2018 reconciling items totaling \$6,986, Federal and State payroll taxes paid that were not recorded totaling \$60,817, and various receipts that had been received but not recorded totaling \$2,417. In addition, the Township voided various checks totaling \$4,439 written during 2019. The recoding of the voided checks was made to balances as of January 1, 2021.

Adjustments to the financial statements have been made to properly record the effect of these items. The overall effect resulted in reducing fund cash balances by \$60,947 as of December 31, 2019.

- During 2018 and 2019, various receipts totaling \$9,182 and \$87,786 respectively, were recorded in several funds as miscellaneous receipts. These receipts were from intergovernmental sources for grants. Reclassifications have been made to report these as intergovernmental.
- For 2019, the Township's financial statements understated assigned fund balances and overstated unassigned fund balance in the General Fund by \$20,386. For 2018, the Township's financial statements overstated assigned fund balance and understated unassigned fund balance in the General Fund by \$120,845. Adjustments have been made to reflect proper amounts of assigned and unassigned fund cash balances in the General Fund in accordance with the provisions of GASB Statement No. 54.

In addition, for 2019 and 2018 the Township's accounting system did not properly reflect amounts appropriated as approved by the Trustees or estimated resources as approved by the County Budget Commission.

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. We recommend that the Township implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

### **Finding Number 2019-03**

#### Noncompliance - Budgetary Data

Ohio Rev. Code § 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, or in the case of the City of Cincinnati, no later than October 1. This does not apply to school district appropriations.

Ohio Rev. Code § 5705.38(C) requires the following minimum level of budgetary control for “subdivisions” other than schools: “Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.”

The Township could not provide any support for approved appropriation measures for 2018 or 2019. In addition a certificate of estimated resources from the county budget commission could not be provided for 2019. Further, the Township could not provide minutes of the meetings of the Board of Township Trustees to determine if any appropriations had been approved.

As a result, the budgetary information in the financial statements, which was originally reported based on amounts recorded within the accounting system, has been revised to reflect only budgeted amounts that can be supported by the Township. Therefore the Township did not meet the required legal level of control as noted above. In addition, this resulted in unlawful appropriations being in effect for the Township which do not meet Ohio Rev. Code requirements.

We recommend the Township review Ohio Rev. Code budgetary requirements relating to Townships to determine what documents are required in addition to the format which should be utilized. We further recommend the Township pass appropriation measures at the legal level of control as required by Ohio law and retain the measures for use by officials and management in planning and monitoring the Township financial activity and for presentation during the audit of the annual financial statements.

#### **FINDING NUMBER 2019-04**

##### Noncompliance - Certification of Fund Availability

Ohio Revised Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision’s fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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 may be 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.

During fiscal years 2018 and 2019, 30 percent of purchase orders tested were not properly certified prior to incurring the obligation or were not approved by ordinance or resolution when a then and now certificate for purchases of \$3,000 or more was made.

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 improve 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 an obligation being incurred by the Township. When prior certification is not possible, “then and now” certification should be used and the Trustees must approve then and now certificates for purchases of \$3,000 or more.

## **FINDING NUMBER 2019-05**

### Noncompliance - Payroll Tax Filings

26 U.S.C. Section 3402 requires every employer, including the state and its political subdivisions making payments of any compensation to an employee who is a taxpayer, to deduct and withhold from such compensation for each payroll period a tax substantially equivalent to the tax reasonably estimated to be due under this chapter with respect to the amount of such compensation included in his adjusted gross income during the calendar year. The Township could not provide documentation to support filing of the Form 941 quarterly report as required by the IRS for all 4 quarters in 2018 and 2019.

In addition, Ohio Revised Code Section 5747.06 requires every employer maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a reasonable estimate of the amount of state income tax which will be due. The Township could not provide documentation to support that the filing of the IT 501 reports as required by the State of Ohio were submitted timely for all quarters in 2018 and 2019. Also, the Township could not provide documentation to support that required remittances to the Treasurer of State were made timely for the above-mentioned quarters.

During 2021, the Township took steps to remedy payroll tax payments and reporting with the IRS and State of Ohio.

We recommend the Fiscal Officer remit the required amounts and file the required reports when completing the last payroll of each month to avoid the potential of incurring interest and penalties.

## **FINDING NUMBER 2019-06**

### Noncompliance - Minutes

O.R.C. 507.04 provides that the fiscal officer shall keep an accurate record of the proceedings of the board of township trustees at all its meetings. O.R.C. 121.22, also provides that the minutes of a regular or special meeting of a township "shall be promptly prepared, filed, and maintained and such records shall be open to public inspection."

The Township could not provide minutes for the majority of Trustee regular or special meetings during the audit.

We recommend the Township maintain written minutes for all Trustee meeting. In addition, we recommend that all minutes contain evidence of approval by the Trustees.

## **FINDING NUMBER 2019-07**

### Noncompliance - Filing of Draft Statements

Ohio Revised Code Section 117.38 requires the Township to file a draft financial report, which includes appropriate footnotes, with the Auditor of State within sixty days after the close of the fiscal year. The Auditor of State has implemented the Hinkle Annual Financial Data Reporting System (Hinkle System) to receive the required filing. The Hinkle System is an internet based application that allows certain financial statement, debt, and demographic data to be entered, uploaded and transmitted to the Auditor of State to satisfy the filing requirements. Any public office not filing the report by the required date shall pay a penalty of \$25 for each day the report remains unfiled, not to exceed \$750. The AOS may waive these penalties, upon the filing of the past due financial report. In addition, late filing may also result in the entity being declared "unauditable" by the Auditor of State.

The Township did not file its 2018 report, which was due by March 1, 2019, until March 13, 2020.

The Township did not file its 2019 report, which was due by March 2, 2020, until March 13, 2020. This filing was modified on December 18, 2020 to include the required footnotes to the financial statements that were omitted from the original filing.

We recommend that the Township implement procedures to verify that the annual financial report, including footnotes, is filed with the Auditor of State, via the Hinkle System, within sixty days of the fiscal year end.

### **Township's Response**

A letter provided by the current fiscal officer stated the following.

The Township wishes to provide the following response to the findings contained in the report:

1. I was not the elected fiscal officer at any time during the years contained in the audit. I was never permitted or invited into the physical office of the elected fiscal officer at anytime prior to the commencement of my current term.
2. Two of the three current trustees took office after the time period contained in the audit.
3. We have provided records and documents requested to the best of ability.
4. Significant reforms have been put in place since the beginning of my current term and continue to be implemented.

We appreciate the opportunity to review the audit and implement further reforms to our financial practices as necessary.



**Crosby Township, Ohio**  
*Hamilton County*  
*Summary Schedule of Prior Audit Findings*  
*December 31, 2019 and 2018*

Finding Number	Finding Summary	Status	Additional Information
2017-01	Material Weakness - Financial Reporting Audit Adjustments	Not corrected	Current year conditions included as finding number 2019-02

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# OHIO AUDITOR OF STATE KEITH FABER



**CROSBY TOWNSHIP**

**HAMILTON COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 2/21/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)