



**Auditor of State
Betty Montgomery**

VILLAGE OF HANOVER
LICKING COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15
Schedule of Prior Audit Findings.....	18

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

Village of Hanover
Licking County
224 Valley Blvd. NE
Newark, OH 43055

To the Village Council:

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 a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an 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.

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

Betty Montgomery
Auditor of State

August 5, 2005

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Hanover
Licking County
224 Valley Blvd. NE
Newark, OH 43055

To the Village Council:

We have audited the accompanying financial statements of the Village of Hanover, Licking County, Ohio, (the Village) as of and for the years ended December 31, 2004 and December 31, 2003. These financial statements are the responsibility of the Village'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. We believe our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Hanover, Licking County, Ohio, as of December 31, 2004 and December 31, 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village 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 August 5, 2005, on our consideration of the Village'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.



Betty Montgomery
Auditor of State

August 5, 2005

**VILLAGE OF HANOVER
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$32,356	\$29,500	\$0	\$61,856
Special Assessments	0	0	31,250	31,250
Intergovernmental Receipts	40,050	31,978	0	72,028
Fines, Licenses, and Permits	8,696	0	0	8,696
Earnings on Investments	70	34	0	104
Miscellaneous	5,809	3,148	0	8,957
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	86,981	64,660	31,250	182,891
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
Security of Persons and Property	15,918	33,528	0	49,446
Public Health Services	2,017	0	0	2,017
Basic Utility Services	7,263	0	0	7,263
Transportation	0	22,384	0	22,384
General Government	49,813	0	0	49,813
Debt Service:				
Principal Payments	0	0	22,563	22,563
Interest Payments	0	0	3,693	3,693
Capital Outlay	0	0	82,910	82,910
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	75,011	55,912	109,166	240,089
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	11,970	8,748	(77,916)	(57,198)
	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Receipts and (Disbursements):				
Debt Proceeds	0	0	72,998	72,998
Transfers-In	0	0	10,122	10,122
Transfers-Out	(10,122)	0	0	(10,122)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(10,122)	0	83,120	72,998
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	1,848	8,748	5,204	15,800
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	54,170	19,337	0	73,507
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$56,018</u>	<u>\$28,085</u>	<u>\$5,204</u>	<u>\$89,307</u>

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

**VILLAGE OF HANOVER
LICKING COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$29,628	\$27,939	\$0	\$57,567
Intergovernmental Receipts	39,067	27,524	0	66,591
Fines, Licenses, and Permits	11,510	0	0	11,510
Earnings on Investments	106	38	0	144
Miscellaneous	1,843	0	0	1,843
	<u>82,154</u>	<u>55,501</u>	<u>0</u>	<u>137,655</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	15,640	36,511	0	52,151
Public Health Services	1,878	0	0	1,878
Basic Utility Services	7,018	0	0	7,018
Transportation	0	27,805	0	27,805
General Government	50,201	0	0	50,201
Debt Service:				
Principal Payments	4,761	0	26,585	31,346
Interest Payments	62	0	1,415	1,477
Capital Outlay	0	0	130,246	130,246
	<u>79,560</u>	<u>64,316</u>	<u>158,246</u>	<u>302,122</u>
Total Receipts Over/(Under) Disbursements	<u>2,594</u>	<u>(8,815)</u>	<u>(158,246)</u>	<u>(164,467)</u>
Other Financing Receipts and (Disbursements):				
Debt Proceeds	0	0	158,246	158,246
Transfers-In	0	6,540	0	6,540
Transfers-Out	(6,540)	0	0	(6,540)
	<u>(6,540)</u>	<u>6,540</u>	<u>158,246</u>	<u>158,246</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(3,946)	(2,275)	0	(6,221)
Fund Cash Balances, January 1	58,116	21,612	0	79,728
Fund Cash Balances, December 31	<u>\$54,170</u>	<u>\$19,337</u>	<u>\$0</u>	<u>\$73,507</u>

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

**VILLAGE OF HANOVER
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

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 Village of Hanover, Licking County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village contracts with the Hanover Fire Department to receive fire protection services.

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

B. Basis of Accounting

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. This basis 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 adequately disclose material matters the Auditor of State prescribes.

C. Fund Accounting

The Village uses fund accounting to segregate cash that is restricted as to use. The Village 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 trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance, and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Fire District Fund - This fund receives levied taxes to pay the expenses incurred by contracting with the local fire department.

**VILLAGE OF HANOVER
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Waste Water Treatment Fund - This fund receives proceeds of federal loans and special assessments. The proceeds are being used to construct a new waste water treatment facility and collection system.

D. 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. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

E. Property, Plant, and Equipment

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

**VILLAGE OF HANOVER
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH

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

	2004	2003
Total deposits	\$89,307	\$73,507

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2004 and December 31, 2003 follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$303,042	\$86,981	(\$216,061)
Special Revenue	31,717	64,660	32,943
Capital Projects	0	114,370	114,370
Total	\$334,759	\$266,011	(\$68,748)

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$84,878	\$85,133	(\$255)
Special Revenue	56,050	55,912	138
Capital Projects	10,122	109,166	(99,044)
Total	\$151,050	\$250,211	(\$99,161)

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$300,775	\$82,154	(\$218,621)
Special Revenue	30,867	62,041	31,174
Capital Projects	299,921	158,246	(141,675)
Total	\$631,563	\$302,441	(\$329,122)

**VILLAGE OF HANOVER
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$82,060	\$86,100	(\$4,040)
Special Revenue	54,890	64,316	(9,426)
Capital Projects	0	158,246	(158,246)
Total	\$136,950	\$308,662	(\$171,712)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority at the fund and function level in the General, Fire District Fund and the Capital Projects Fund for 2003 and 2004. Also, appropriations exceeded estimated resources in the Street Construction, Maintenance, and Repair Fund for each year.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan (3901)	\$195,190	3.03%

**VILLAGE OF HANOVER
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

5. DEBT (Continued)

In 1997 the Village entered into two loans (2017 and 2018) with the Ohio Water Development Authority (OWDA) for the Drinking Water Planning Project and the Waste Water & Storm Water Project. As of December 31, 2004, the Village repaid loan 2017 and 2018 and entered into a new loan (3901) for technical services related to the Drinking Water Planning Project and the Waste Water & Storm Water Project. The total amount of funds available through loan 3901 is \$239,580. As of December 31, 2004, the Village has received \$217,952 of the available funds. This loan is to be paid in semi-annual payments as required by the OWDA. The Village began collecting assessment fees from its residents in August of 2004 to help pay off the loan and to offset any future costs associated with these projects.

The Village's taxing authority collateralizes all debt.

Amortization of the above debt, including interest, follows:

<u>Year ending December 31:</u>	<u>OWDA Loan 3901</u>
2005	\$26,456
2006	52,913
2007	52,913
2008	52,913
2009	23,376
Total	<u>\$208,571</u>

6. RETIREMENT SYSTEMS

The Village had no employees during 2004 and 2003. All Village elected officials opted not to participate in PERS which is allowable under PERS membership definitions.

7. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

**VILLAGE OF HANOVER
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

7. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 5% portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5% or \$25,000 of casualty losses and the lesser of 5% or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2004 and 2003:

	2004	2003
Assets	\$6,685,522	\$5,402,167
Liabilities	\$2,227,808	\$1,871,123
Members' Equity	\$4,457,714	\$3,531,044

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

8. RELATED PARTY TRANSACTIONS

A Village Council member is an owner of a company which the Village uses for maintenance related services. For the years ended December 31, 2004 and December 31, 2003, the Village paid \$16,053 and \$18,298, respectively, for such services.

The Village entered into a lease agreement with the Village Zoning Director in which the Village pays him \$100 each month to lease a part of his land to be used as a parking lot by the Village. The lease took effect on August 1, 2002 and for the years ended December 31, 2004 and December 31, 2003, the Village paid the Zoning Director \$1,200 each year.



**Auditor of State
Betty Montgomery**

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

Village of Hanover
Licking County
224 Valley Blvd. NE
Newark, OH 43055

To the Village Council:

We have audited the financial statements of the Village of Hanover, Licking County, Ohio, (the Village) as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated August 5, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We do not believe the reportable condition described above is a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-002 and 2004-003. In a separate letter to the Village's management dated August 5, 2005, we reported another matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Village Council. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

August 5, 2005

VILLAGE OF HANOVER
LICKING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003

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

Reportable Condition Number	2004-001
-----------------------------	----------

Waste Water Treatment Assessment Fee

In June of 2004, the Village entered into a contract with ADR and Associates to set up resident accounts, bill residents, and collect payment from the residents for the waste water treatment assessment fee. ADR and Associates purchased CORE Utility Billing System software, a program that tracks; billing, account status, and accounts receivable, as well as other information. As payments are collected from the Village residents, ADR and Associates collect the monies, enter the information into the CORE Utility Billing System software, deposit the monies into the Village's bank account, and give the Village Clerk-Treasurer a copy of the deposit slip so that the Clerk-Treasurer can record the activity. The first billing cycle was in August of 2004.

The following internal control weaknesses were noted over waste water treatment assessment receipts:

- A. The Clerk-Treasurer does not obtain monthly posted payment detail reports from ADR and Associates listing by resident the amount paid and date paid to verify what was posted to the bank account and to the Village's receipt ledger.
- B. Management of the Village does not monitor monthly reports produced by ADR and Associates to ensure that all residents who should be billed are being properly billed.
- C. The Village does not have a policy in place stating how the Village will address residents who have delinquent accounts.

The above weaknesses can result in an inability to manage and monitor departmental operations in an effective manner.

To strengthen existing operations, we recommend:

- a. The Clerk-Treasurer should obtain monthly posted payment detail reports from ADR and Associates. Using the CORE Utility Billing System, ADR and Associates can print monthly posted payment detail reports that list when the payment was received, account number, the resident making payment, address of the resident, and how much the payment is for. This report should be compared to the deposit slips received by ADR and Associates to ensure all pay-ins being made are being properly deposited and recorded on the Village's receipt ledger.
- b. The Clerk-Treasurer and management of the Village should also compare the monthly posted payment detail reports with the accounts receivable detail listing (delinquent accounts) already being obtained by the Village to ensure that all residents are appearing either on the monthly pay-in report or on the accounts receivable detail listing report which will ensure that all residents are being billed properly.
- c. Due to the amount of residents not paying their waste water treatment assessment fee on time on a monthly basis, the Village should adopt a policy stating how they are going to handle delinquent accounts. As of December 31, 2004, approximately 27% of all accounts are delinquent on a monthly basis.

**VILLAGE OF HANOVER
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003
(Continued)**

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

Non-Compliance Finding Number	2004-002
--------------------------------------	-----------------

Expenditures Exceeding Appropriations

Ohio Rev. Code Section 5705.41(B) states in part that no subdivision or taxing unit is to make any expenditure of money unless it has been appropriated as provided in such chapter. As of December 31, 2004 and December 31, 2003, the Village had expenditures exceeding appropriations within the following funds and function:

Fund 2004	Budgetary Expenditures	Appropriations	Variance
General			
Transfers Out	\$10,122	\$0	(\$10,122)
Building Maintenance and Insurance	28,312	24,900	(3,412)
Workers Comp and Election Expense	1,401	600	(801)
Special Revenue			
Fire Fund			
Other Operations/Maintenance	33,011	29,000	(4,011)
Capital Projects			
Debt Service Principal	22,563	0	(22,563)
Debt Service Interest	3,693	0	(3,693)
Capital Outlay	82,910	10,122	(72,788)
2003			
General			
Transfers Out	6,540	0	(6,540)
Building Maintenance and Insurance	26,746	19,450	(7,296)
Special Revenue			
Fire			
Other Operations/Maintenance	36,047	21,000	(15,047)
Capital Projects			
Debt Service Principal	26,585	0	(26,585)
Debt Service Interest	1,415	0	(1,415)
Capital Outlay	130,246	0	(130,246)

We recommend the Clerk-Treasurer monitor available appropriations, and deny payments that exceed appropriations. If available resources exist to make payment, Village Council should consider amending appropriations through a Council resolution.

**VILLAGE OF HANOVER
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003
(Continued)**

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

Non-Compliance Finding Number	2004-003
--------------------------------------	-----------------

Appropriations Exceeding Estimated Resources

Ohio Rev. Code Section 5705.39 states in part that the total appropriations from each fund shall not exceed the total of the estimated resources available for expenditures there from, as certified by the budget commission, or in case of appeal, by the board of tax appeals. As of December 31, 2004 and December 31, 2003, the Village had appropriations exceeding estimated resources available for expenditures in the following funds:

Fund	Estimated Resources	Appropriations	Excess
2004			
Street Fund	\$12,878	\$26,500	(\$13,622)
2003			
Street Fund	\$14,734	\$33,340	(\$18,606)

We recommend the Clerk-Treasurer review the Amended Certificates of Estimated Resources and Supplemental Appropriation Measures to ensure that total appropriations from each fund do not exceed the total of the estimated resources available for expenditures.

**VILLAGE OF HANOVER
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	Expenditures Exceeding Appropriations	No	Reissued as Finding 2004-002
2002-002	Timely Depositing of Zoning Permits	Yes	Corrected



**Auditor of State
Betty Montgomery**

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF HANOVER

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 4, 2005**