

***VILLAGE OF HANOVERTON  
COLUMBIANA COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2005 & 2004***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Hanoverton  
P. O. Box 177  
Hanoverton, OH 44423

We have reviewed the *Report of Independent Accountants* of the Village of Hanoverton, Columbiana County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

October 17, 2006

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**VILLAGE OF HANOVERTON  
COLUMBIANA COUNTY  
For the Years Ending December 31, 2005 and 2004**

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## **REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Hanoverton  
Columbiana County  
P.O. Box 177  
Hanoverton, Ohio

We have audited the accompanying financial statements of the Village of Hanoverton, Columbiana County, Ohio as and for the years ended December 31, 2005 and 2004. 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 that 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 years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the 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 the 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.

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, 2005 and 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, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Hanoverton, Columbiana County, as of December 31, 2005 and 2004, 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 years ended December 31, 2005 and 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 September 6, 2006, 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 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.

***Charles E. Harris & Associates, Inc.***

September 6, 2006



VILLAGE OF HANOVERTON  
COLUMBIANA COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES -  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Agency	
<b>Receipts:</b>					
Property and Other Local Taxes	\$ 14,688	\$ 4,739	\$ -	\$ -	\$ 19,427
Intergovernmental	26,444	16,969	4,038	-	47,451
Fines, Licenses and Permits	6,815	1,810	-	11,427	20,052
Interest	1,083	-	-	-	1,083
Miscellaneous	3,323	-	-	-	3,323
<b>Total Receipts</b>	<b>52,353</b>	<b>23,518</b>	<b>4,038</b>	<b>11,427</b>	<b>91,336</b>
<b>Disbursements:</b>					
<b>Current:</b>					
General Government	27,198	2,097	-	-	29,295
Security of Persons & Property	1,441	8,875	-	-	10,316
Public Health Services	1,041	-	-	-	1,041
Leisure Time Activities	2,757	-	-	-	2,757
Transportation	264	11,572	-	-	11,836
Other	-	-	-	11,427	11,427
Capital Outlay	598	370	4,462	-	5,430
<b>Debt Service:</b>					
Principal	1,000	-	-	-	1,000
<b>Total Disbursements</b>	<b>34,299</b>	<b>22,914</b>	<b>4,462</b>	<b>11,427</b>	<b>73,102</b>
<b>Total Receipts Over(Under) Disbursements</b>	<b>18,054</b>	<b>604</b>	<b>(424)</b>	<b>-</b>	<b>18,234</b>
<b>Other Financing Sources(Uses):</b>					
Transfers-In	-	6,750	-	-	6,750
Transfers-Out	(6,750)	-	-	-	(6,750)
Advances-In	2,076	-	2,500	-	4,576
Advances-Out	(2,500)	-	(2,076)	-	(4,576)
<b>Total Other Financing Sources/(Uses)</b>	<b>(7,174)</b>	<b>6,750</b>	<b>424</b>	<b>-</b>	<b>-</b>
<b>Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements</b>	<b>10,880</b>	<b>7,354</b>	<b>-</b>	<b>-</b>	<b>18,234</b>
<b>Fund Balance 1/1/2005</b>	<b>100,317</b>	<b>8,190</b>	<b>174</b>	<b>-</b>	<b>108,681</b>
<b>Fund Balance 12/31/2005</b>	<b>\$ 111,197</b>	<b>\$ 15,544</b>	<b>\$ 174</b>	<b>\$ -</b>	<b>\$ 126,915</b>

See accompanying Notes to the Financial Statements.

VILLAGE OF HANOVERTON  
COLUMBIANA COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES -  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Agency	
Receipts:					
Property and Other Local Taxes	\$ 13,349	\$ 4,803	\$ -	\$ -	\$ 18,152
Intergovernmental	24,807	17,973	8,085	-	50,865
Fines, Licenses and Permits	8,211	2,090	-	14,011	24,312
Interest	345	-	-	-	345
Miscellaneous	5,083	75	-	-	5,158
Total Receipts	<u>51,795</u>	<u>24,941</u>	<u>8,085</u>	<u>14,011</u>	<u>98,832</u>
Disbursements:					
Current:					
General Government	32,255	5,720	-	-	37,975
Security of Persons & Property	1,434	6,805	-	-	8,239
Public Health Services	1,054	-	-	-	1,054
Leisure Time Activities	3,451	-	-	-	3,451
Transportation	263	17,118	-	-	17,381
Other	-	-	-	14,011	14,011
Capital Outlay	6,127	6,957	12,958	-	26,042
Total Disbursements	<u>44,584</u>	<u>36,600</u>	<u>12,958</u>	<u>14,011</u>	<u>108,153</u>
Total Receipts Over(Under) Disbursements	<u>7,211</u>	<u>(11,659)</u>	<u>(4,873)</u>	<u>-</u>	<u>(9,321)</u>
Other Financing Sources/(Uses):					
Transfers-In	-	5,000	1,000	-	6,000
Transfers-Out	(6,000)	-	-	-	(6,000)
Advances-In	7,461	-	11,335	-	18,796
Advances-Out	(11,335)	-	(7,461)	-	(18,796)
Total Other Financing Sources/(Uses)	<u>(9,874)</u>	<u>5,000</u>	<u>4,874</u>	<u>-</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements					
Other Financing Uses	(2,663)	(6,659)	1	-	(9,321)
Fund Balance 1/1/2004	<u>102,980</u>	<u>14,849</u>	<u>173</u>	<u>-</u>	<u>118,002</u>
Fund Balance 12/31/2004	<u>\$ 100,317</u>	<u>\$ 8,190</u>	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ 108,681</u>

See accompanying Notes to the Financial Statements.

**VILLAGE OF HANOVERTON  
COLUMBIANA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Hanoverton, (the Village) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, street maintenance services, park operations (leisure time activities), and police services.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Village prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH

Investments are included in the fund cash balances. Accordingly, purchase of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**VILLAGE OF HANOVERTON  
COLUMBIANA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. FUND ACCOUNTING - (Continued)

General Fund: The general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. Significant special revenue funds follow:

- Street Construction Maintenance and Repair-receives gas tax and motor vehicle tax money for constructing, maintaining and repairing Village roads.
- Police Fund-receives property tax money and general fund transfers for the security of persons and property.

Capital Projects Fund: These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village has the following significant Capital Projects fund.

- Grant Construction Fund-receives grant money for constructing, repairing and maintaining parks.

Fiduciary Fund Type (Agency Fund):

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

- Mayors Court Fund-accounts for the operations of the Village's Mayors Court solely in an agency capacity.

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Village Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

**VILLAGE OF HANOVERTON  
COLUMBIANA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. BUDGETARY PROCESS

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Village. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Village. The certificate is approved by the County Budget Commission and sent to the Village Clerk by September 1.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate to which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the County Budget Commission for approval. This amended certificate may be further amended during the year if projected increases or the Clerk identifies decreases in revenue. The amounts reported in the budgetary footnote reflect the amounts in the final amended certificates issued during 2004 and 2005.

Budget receipts, as shown in footnote number 4, do not include the unencumbered fund balances as of January 1, 2004 and 2005. However, those fund balances are available for appropriation.

2. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control and appropriations may not exceed estimated resources. A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available.

**VILLAGE OF HANOVERTON  
COLUMBIANA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. BUDGETARY PROCESS – (Continued)

3. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of budgetary activity appears in Note 4.

F. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2005</u>	<u>2004</u>
Demand deposits	\$ 44,224	\$ 26,336
Certificate of deposit	<u>82,691</u>	<u>82,345</u>
Total deposits and investments	<u>\$ 126,915</u>	<u>\$ 108,681</u>

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAXES

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2001.

**VILLAGE OF HANOVERTON  
COLUMBIANA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004**

3. PROPERTY TAXES - (Continued)

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

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

The property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax.

The County Treasurer collects property tax on behalf of all taxing Villages within the county. The County Auditor periodically remits to the taxing Village their portions of the taxes collected.

4. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2005 follows:

<u>Fund</u>	<u>2005 Budgeted vs Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 52,795	\$ 54,429	\$ 1,634
Special Revenue Funds	29,407	30,268	861
Capital Projects	6,538	6,538	-0-

<u>Fund</u>	<u>2005 Budgeted vs Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$ 43,811	\$ 43,549	\$ 262
Special Revenue Funds	26,432	22,914	3,518
Capital Projects	6,712	6,538	174

**VILLAGE OF HANOVERTON  
COLUMBIANA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004**

4. BUDGETARY ACTIVITY – (Continued)

Budgetary activity for the year ended December 31, 2004 follows:

<u>Fund</u>	<u>2004 Budgeted vs Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 60,006	\$ 59,256	\$ 750
Special Revenue Funds	29,941	29,941	-0-
Capital Projects	20,419	20,420	-0-

<u>Fund</u>	<u>2004 Budgeted vs Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$ 62,472	\$ 61,919	\$ 553
Special Revenue Funds	37,055	36,600	455
Capital Projects	20,419	20,419	-0-

5. RETIREMENT SYSTEM

The Village's part-time employees belong to the Ohio Public Employment Employers Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code provides statutory authority for employee and employer contributions. OPERS participants contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of their wages. The Village has paid all contributions required through December 31, 2005.

6. DEBT

Debt outstanding at December 31, 2005 was as follows:

Ohio Water Development Authority Loan	<u>Principal</u> \$9,000
---------------------------------------	-----------------------------

In 2003, the Ohio Water Development Authority (OWDA) loan relates to drainage project that was mandated by the Ohio Environmental Protection Agency. The OWDA approved a 0%, \$10,000 loan to the Village for the project. The loan is to be repaid in ten annual installments. The loan is uncollateralized.



**VILLAGE OF HANOVERTON  
COLUMBIANA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004**

6. DEBT – (Continued)

Amortization of the above debt is scheduled as follows:

OWDA Loan

Year ending December 31:	
2006	\$1,000
2007	1,000
2008	1,000
2009	1,000
2010	1,000
2011-2015	<u>4,000</u>
Total	<u>\$9,000</u>

7. RISK MANAGEMENT

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the “Pool”) an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per section 2744.081 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

The Pool’s financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2005 and 2004 (latest information available):

	<u>2004</u>	<u>2003</u>
Assets	\$ 2,390,150	\$ 1,811,340
Liabilities	<u>(3,424,271)</u>	<u>(3,653,152)</u>
Retained deficit	<u>\$ (1,034,121)</u>	<u>\$ (1,841,812)</u>

8. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

*Charles E. Harris & Associates, Inc.*  
*Certified Public Accountants*

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

Village of Hanoverton  
Columbiana County  
P.O. Box 177  
Hanoverton, Ohio

We have audited the financial statements of the Village of Hanoverton, Columbiana County, Ohio (Village) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 6, 2006, 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management and Village Council and is not intended to be and should not be used by anyone other than these specified parties.

***Charles E. Harris and Associates, Inc.***

September 6, 2006

**VILLAGE OF HANOVERTON  
COLUMBIANA COUNTY, OHIO  
For the Years Ending December 31, 2005 and 2004**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2003-001	Ohio Revised Code section 5705.41(D), failure to certify funds.	Yes	Corrective taken to ensure all funds are certified.
2003-002	Ohio Revised Code section 5705.39, total appropriations exceeded estimated resources	Yes	Corrective action taken to ensure the Village Council reviews and approves the appropriations and verify the Clerk has received the certificate from the County Auditor.
2003-003	Ohio Revised Code section 5705.41(B), no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.	Yes	Corrective action taken, Council monitors Clerks budgetary calculations to ensure expenditures do not exceed appropriations and prior year carryover encumbrances.
2003-004	Ohio Revised Code section 5705.40, annual appropriation and amended appropriations were not approved by the Village Council.	Yes	Corrective action taken, Village Clerk includes all budgetary matters in the agenda for the Village Council. Village Council approves annual appropriations and any amendments during council meetings.



**Auditor of State  
Betty Montgomery**

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Facsimile 614-466-4490

**VILLAGE OF HANOVERTON**

**COLUMBIANA 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 9, 2006**