



**HANOVER TOWNSHIP  
LICKING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 - 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



HANOVER TOWNSHIP  
LICKING COUNTY

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Board of Trustees  
Hanover Township  
Licking County  
18880 Johnson Road, SE  
Newark, Ohio 43055

We have audited the accompanying financial statements of Hanover Township, Licking County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Hanover Township, Licking County, Ohio as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

April 20, 2001

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**HANOVER TOWNSHIP  
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, 2000**

	<b>General</b>	<b>Special Revenue</b>	<b>Total (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Local Taxes	\$23,060	\$149,528	\$172,588
Intergovernmental	128,688	71,495	200,183
Fines, Licenses, and Permits	10,038	0	10,038
Interest	2,006	4,188	6,194
Miscellaneous	0	19,861	19,861
	<u>163,792</u>	<u>245,072</u>	<u>408,864</u>
<b>Total Cash Receipts</b>			
	<u>163,792</u>	<u>245,072</u>	<u>408,864</u>
<b>Cash Disbursements:</b>			
General Government	46,144	0	46,144
Public Safety	0	81,419	81,419
Public Works	15,217	166,973	182,190
Health	16,076	0	16,076
Capital Outlay	13,151	40,661	53,812
	<u>90,588</u>	<u>289,053</u>	<u>379,641</u>
<b>Total Cash Disbursements</b>			
	<u>90,588</u>	<u>289,053</u>	<u>379,641</u>
<b>Total Cash Receipts Over / (Under) Cash Disbursements</b>	<u>73,204</u>	<u>(43,981)</u>	<u>29,223</u>
<b>Other Financing Sources / (Uses):</b>			
Sale of fixed assets	639	0	639
Transfers-in	0	55,000	55,000
Transfers-out	(55,000)	0	(55,000)
	<u>(54,361)</u>	<u>55,000</u>	<u>639</u>
<b>Total Other Financing Sources / (Uses)</b>			
	<u>(54,361)</u>	<u>55,000</u>	<u>639</u>
<b>Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses</b>	<u>18,843</u>	<u>11,019</u>	<u>29,862</u>
<b>Fund Cash Balances, January 1, 2000</b>	<u>46,407</u>	<u>68,303</u>	<u>114,710</u>
<b>Fund Cash Balances, December 31, 2000</b>	<u>\$65,250</u>	<u>\$79,322</u>	<u>\$144,572</u>

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

HANOVER TOWNSHIP  
LICKING COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CHANGE IN FUND CASH BALANCE - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Interest	\$48
Total Operating Cash Receipts	48
Total Operating Cash Disbursements	0
Operating Income / (Loss)	48
Fund Cash Balance, January 1, 2000	3,069
<b>Fund Cash Balance, December 31, 2000</b>	<b><u><u>\$3,117</u></u></b>

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



**HANOVER TOWNSHIP  
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, 1999**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Local Taxes	\$19,608	\$134,012	\$0	\$153,620
Intergovernmental	38,117	71,144	20,843	130,104
Fines, Licenses, and Permits	6,945	0	0	6,945
Interest	1,395	3,444	0	4,839
Miscellaneous	0	4,325	0	4,325
<b>Total Cash Receipts</b>	<u>66,065</u>	<u>212,925</u>	<u>20,843</u>	<u>299,833</u>
<b>Cash Disbursements:</b>				
General Government	44,481	0	0	44,481
Public Safety	0	73,489	0	73,489
Public Works	393	136,394	0	136,787
Health	14,670	0	0	14,670
Capital Outlay	8,000	27,742	20,843	56,585
<b>Total Cash Disbursements</b>	<u>67,544</u>	<u>237,625</u>	<u>20,843</u>	<u>326,012</u>
<b>Total Cash Receipts Over / (Under) Cash Disbursements</b>	<u>(1,479)</u>	<u>(24,700)</u>	<u>0</u>	<u>(26,179)</u>
<b>Other Financing Sources / (Uses):</b>				
Other Sources	273	0	0	273
<b>Total Other Financing Sources / (Uses)</b>	<u>273</u>	<u>0</u>	<u>0</u>	<u>273</u>
<b>Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses</b>	<u>(1,206)</u>	<u>(24,700)</u>	<u>0</u>	<u>(25,906)</u>
<b>Fund Cash Balances, January 1, 1999</b>	<u>47,613</u>	<u>93,003</u>	<u>0</u>	<u>140,616</u>
<b>Fund Cash Balances, December 31, 1999</b>	<u><u>\$46,407</u></u>	<u><u>\$68,303</u></u>	<u><u>\$0</u></u>	<u><u>\$114,710</u></u>

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

HANOVER TOWNSHIP  
LICKING COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CHANGE IN FUND CASH BALANCE - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Interest	<u>\$65</u>
Total Operating Cash Receipts	<u>65</u>
Total Operating Cash Disbursements	<u>0</u>
Operating Income / (Loss)	65
Fund Cash Balance, January 1, 1999	<u>3,004</u>
<b>Fund Cash Balance, December 31, 1999</b>	<u><u>\$3,069</u></u>

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

**HANOVER TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Hanover Township, Licking County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is governed by a publicly-elected three-member Board. The Township provides general governmental services, including bridge maintenance and cemetery maintenance. The Township contracts with the Hanover Volunteer Fire Department to provide fire and emergency services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made 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. Fund Accounting**

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**Special Revenue Funds**

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

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

Road and Bridge Fund - This fund receives tax monies for improvement and construction of Township roads & bridges.

Fire Levy Fund -This fund accounts for the proceeds of 2 special levies used to support the Townships fire protection service.

**HANOVER TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Accounting (Continued)**

**Capital Projects Fund**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital projects fund:

Public Works Fund - The Township received a grant from the State of Ohio to repair Township roads.

**Fiduciary Fund (Trust Fund)**

This fund is used to account for resources restricted by legally binding trust agreements.

**D. Budgetary Process**

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

**Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) for each fund may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**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.

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**E. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

**F. Property, Plant and Equipment**

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

**HANOVER TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$146,689	\$116,779
Certificate of deposit	<u>1,000</u>	<u>1,000</u>
Total Deposits	<u>\$147,689</u>	<u>\$117,779</u>

**Deposits:**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2000 and December 31, 1999 were as follows:

**2000 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$169,426	\$164,431	(\$4,995)
Special Revenue	247,355	300,072	52,717
Non Expendable Trust	<u>0</u>	<u>48</u>	<u>48</u>
Total	<u>\$416,781</u>	<u>\$464,551</u>	<u>\$47,770</u>

**2000 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$214,000	\$145,588	\$68,412
Special Revenue	<u>355,658</u>	<u>289,053</u>	<u>66,605</u>
Total	<u>\$569,658</u>	<u>\$434,641</u>	<u>\$135,017</u>

**HANOVER TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>1999 Budgeted vs. Actual Receipts</b>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$82,127	\$66,338	(\$15,789)
Special Revenue	256,818	212,925	(43,893)
Capital Projects	0	20,843	20,843
Non Expendable Trust	<u>52</u>	<u>65</u>	<u>13</u>
Total	<u>\$338,997</u>	<u>\$300,171</u>	<u>(\$38,826)</u>

<b>1999 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$129,739	\$67,544	\$62,195
Special Revenue	356,257	237,625	118,632
Capital Projects	<u>20,843</u>	<u>20,843</u>	<u>0</u>
Total	<u>\$506,839</u>	<u>\$326,012</u>	<u>\$180,827</u>

The Township did not obtain an amended certificate when appropriations were increased in fiscal year 2000 for the Special Revenue Road and Bridge Fund and in 1999 for the Capital Projects Ohio Public Works Commission Fund.

Appropriations exceeded estimated resources in the Special Revenue Road and Bridge Fund at December 2000 and the Capital Projects Public Works Commission Fund at December 1999.

**4. PROPERTY TAX**

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**HANOVER TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**5. RETIREMENT SYSTEMS**

Employees along with the elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% and 13.55% in 2000 and 1999 respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive general liability
- Errors and omissions

The Township is a member of the Ohio Government Risk Management Plan. (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums, The following risks are covered by the Pool:

- Automobile Physical Damage Coverage
- Property Coverage

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Hanover Township  
Licking County  
18880 Johnson Road, SE  
Newark, Ohio 43055

We have audited the financial statements of Hanover Township, Licking County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated April 20, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as 2000-40645-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated April 20, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township'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 assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 20, 2001.

Board of Trustees  
Hanover Township  
Licking County  
Report on Compliance and on Internal Control Required by  
*Government Auditing Standards*  
Page 2

This report is intended for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

April 20, 2001

**HANOVER TOWNSHIP  
LICKING COUNTY**

**SCHEDULE OF FINDING  
DECEMBER 31, 2000 - 1999**

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

<b>Finding Number</b>	2000-40645-001
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Ohio Rev. Code Section 5705.39 requires that the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

For December 2000, the Special Revenue Road and Bridge Fund appropriations exceeded estimated resources by \$40,000. In December 1999, the Capital Projects Public Works Commission Fund appropriations exceeded estimated resources by \$20,843.

We recommend that the Township ensures that each year the appropriations entered into the system agree to the approved appropriation measure and appropriations do not exceed the total estimated revenue.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**HANOVER TOWNSHIP**

**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  
JUNE 21, 2001**