



Dave Yost • Auditor of State

VILLAGE OF HANOVER
LICKING COUNTY

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Dave Yost • Auditor of State

Village of Hanover
Licking County
224 Valley Boulevard NE
Newark, Ohio 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 an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

August 24, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Hanover
Licking County
224 Valley Boulevard NE
Newark, Ohio 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, 2010 and 2009. 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 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, 2010 and 2009, or its changes in financial position or cash flows 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 Hanover, Licking County, Ohio as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 24, 2011, 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.



Dave Yost
Auditor of State

August 24, 2011

**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, 2010**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 45,194	\$ 116,308	\$ 161,502
Intergovernmental	34,616	58,241	92,857
Fines, Licenses and Permits	7,572	-	7,572
Earnings on Investments	184	52	236
Miscellaneous	669	4,690	5,359
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	88,235	179,291	267,526
Cash Disbursements:			
Current:			
Security of Persons and Property	14,876	67,726	82,602
Basic Utility Service	12,383	-	12,383
Transportation	-	48,826	48,826
General Government	64,630	-	64,630
Debt Service:			
Redemption of Principal	-	23,456	23,456
Interest and Fiscal Charges	-	2,252	2,252
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	91,889	142,260	234,149
Total Receipts Over/(Under) Disbursements	<hr/> (3,654)	<hr/> 37,031	<hr/> 33,377
Other Financing Receipts / (Disbursements):			
Other Financing Uses	<hr/> (1,387)	<hr/> -	<hr/> (1,387)
Total Other Financing (Disbursements)	<hr/> (1,387)	<hr/> -	<hr/> (1,387)
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(5,041)	37,031	31,990
Fund Cash Balances, January 1	<hr/> 31,888	<hr/> 22,792	<hr/> 54,680
Fund Cash Balances, December 31	<u>\$ 26,847</u>	<u>\$ 59,823</u>	<u>\$ 86,670</u>

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

**VILLAGE OF HANOVER
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 311,951
Fines, Licenses and Permits	1,050
	313,001
Total Operating Cash Receipts	313,001
Operating Cash Disbursements:	
Personal Services	10,541
Employee Fringe Benefits	2,463
Contractual Services	119,366
Supplies and Materials	15,796
	148,166
Total Operating Cash Disbursements	148,166
Operating Income	164,835
Non-Operating Cash Receipts:	
Miscellaneous Receipts	10,104
	10,104
Total Non-Operating Cash Receipts	10,104
Non-Operating Cash Disbursements:	
Redemption of Principal	232,069
	232,069
Total Non-Operating Cash Disbursements	232,069
Net Receipts (Under) Disbursements	(57,130)
Fund Cash Balance, January 1	75,992
Fund Cash Balance, December 31	\$ 18,862

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, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 46,696	\$ 110,599	\$ 157,295
Intergovernmental	31,540	94,771	126,311
Fines, Licenses and Permits	11,247	-	11,247
Earnings on Investments	704	230	934
Miscellaneous	355	-	355
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	90,542	205,600	296,142
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	13,319	61,987	75,306
Public Health Services	1,336	-	1,336
Basic Utility Service	13,412	-	13,412
Transportation		167,691	167,691
General Government	57,670	-	57,670
Debt Service:			
Redemption of Principal	-	22,416	22,416
Interest and Fiscal Charges	-	3,302	3,302
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	85,737	255,396	341,133
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	4,805	(49,796)	(44,991)
	<hr/>	<hr/>	<hr/>
Other Financing Receipts / (Disbursements):			
Other Financing Uses	(1,396)	-	(1,396)
	<hr/>	<hr/>	<hr/>
Total Other Financing (Disbursements)	(1,396)	-	(1,396)
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,409	(49,796)	(46,387)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	28,479	72,588	101,067
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 31,888</u>	<u>\$ 22,792</u>	<u>\$ 54,680</u>

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

**VILLAGE OF HANOVER
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$ 325,508
Fines, Licenses and Permits	150
	<hr/>
Total Operating Cash Receipts	325,658
	<hr/>
Operating Cash Disbursements:	
Personal Services	9,076
Employee Fringe Benefits	1,544
Contractual Services	161,472
Supplies and Materials	9,496
	<hr/>
Total Operating Cash Disbursements	181,588
	<hr/>
Operating Income	144,070
	<hr/>
Non-Operating Cash Receipts:	
OWDA Proceeds	28,725
Sale of Fixed Assets	4,600
Miscellaneous Receipts	8,872
	<hr/>
Total Non-Operating Cash Receipts	42,197
	<hr/>
Non-Operating Cash Disbursements:	
Redemption of Principal	232,069
	<hr/>
Total Non-Operating Cash Disbursements	232,069
	<hr/>
Net Receipts Over/(Under) Disbursements	(45,802)
	<hr/>
Fund Cash Balance, January 1	121,794
	<hr/>
Fund Cash Balance, December 31	<u>\$ 75,992</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, 2010 AND 2009**

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, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer utility services. The Licking County Sheriff's department provides police protection services. The Village contracts with Hanover Fire Department for fire protection and emergency medical services.

The Village participates in the Ohio Government Risk Management Plan public entity risk pool. Note 7 to the financial statements provide additional information for these entities.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits

The Village maintains a checking account and a sweep account.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The 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 Fund - This fund receives real estate and personal property taxes for providing fire protection and emergency medical services to Village residents.

**VILLAGE OF HANOVER
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Enterprise Fund

This fund accounts for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges.

The Village had the following significant Enterprise Fund:

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

E. Budgetary Process

The Ohio Revised Code requires that each fund 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 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.

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 Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

F. 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.

2. Equity in Pooled Deposits

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

**VILLAGE OF HANOVER
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. Equity in Pooled Deposits (Continued)

	2010	2009
Total Deposits	\$ 105,532	\$ 130,672

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 85,472	\$ 88,235	\$ 2,763
Special Revenue	170,906	179,291	8,385
Enterprise	322,500	323,105	605
Total	\$ 578,878	\$ 590,631	\$ 11,753

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 116,800	\$ 93,276	\$ 23,524
Special Revenue	189,300	142,260	47,040
Enterprise	398,492	380,235	18,257
Total	704,592	615,771	88,821

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 94,666	\$ 90,543	\$ (4,123)
Special Revenue	237,514	205,600	(31,914)
Enterprise	465,000	367,855	(97,145)
Total	\$ 797,180	\$ 663,998	\$ (133,182)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 109,800	\$ 87,133	\$ 22,667
Special Revenue	273,562	255,396	18,166
Enterprise	479,100	413,657	65,443
Total	\$ 862,462	\$ 756,186	\$ 106,276

**VILLAGE OF HANOVER
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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.

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.

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

5. Debt

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan (#4615)	\$ 3,974,545	0.00%
Tax Anticipation Note	24,378	4.75%
Total	\$ 3,998,923	

The Ohio Water Development Authority (OWDA) loan #4615 relates to a sewer plant construction project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$4,641,389 in a loan to the Village for this project. The principal amount above represents the total amount owed to date, which includes proceeds in 2009 to the Village in the amount of \$28,725. OWDA will adjust schedule payment to reflect any revisions in amounts the Village actually borrows. Since the loan has not been completely drawn, an amortization schedule for the loan is not available. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover future OWDA debt service requirements.

The Permanent Improvement Tax Anticipation Note was issued for the pavement of Village Streets. All proceeds had been spent at December 31, 2008. The Village will repay the loan in annual payments of \$25,708, including interest, and matures on July 24, 2011. The note is backed by the full faith and credit of the Village.

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

	Tax Anticipation Note
Year ending December 31: 2011	\$ 25,708
Total	\$ 25,708

**VILLAGE OF HANOVER
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Retirement System

The Village had no full-time employees during 2010 and 2009. All Village Officials contribute to Social Security (FICA). Contribution rates are approved by the United States Congress. Members contributed 6.2 percent of their gross wages to FICA and the Village Matches that contribution in an amount equal to 6.2 percent. The Village has paid all contributions required through December 31, 2010.

7. Risk Management

Prior to 2009, the Village belonged to the Ohio Government Risk Management Plan (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (OPRM), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty.

Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (OPHC), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village does not participate in this coverage.

VILLAGE OF HANOVER
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)

7. Risk Management (Continued)

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009, and include amounts for both OPRRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	\$7,191,485	\$300,035	\$6,323,701	\$105,185

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, www.ohioplan.org.



Dave Yost • Auditor of State

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 Boulevard NE
Newark, Ohio 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, 2010 and 2009, and have issued our report thereon dated August 24, 2011 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 also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 24, 2011.

We intend this report solely for the information and use of management, Village Council, and the Finance Committee and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

August 24, 2011

VILLAGE OF HANOVER
LICKING COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Financial Statement Presentation	No	Partially corrected. Reported in letter to management.
2008-002	Federal Single Audit	Yes	

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Dave Yost • Auditor of State

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
SEPTEMBER 27, 2011