

VILLAGE OF HANOVERTON
COLUMBIANA COUNTY, OHIO

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012





Dave Yost • Auditor of State

Village Council
Village of Hanoverton
PO Box 177
Hanoverton, Ohio 44423

We have reviewed the *Independent Auditors' Report* of the Village of Hanoverton, Columbiana County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 18, 2014

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**VILLAGE OF HANOVERTON
COLUMBIANA COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2013 and 2012**

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INDEPENDENT AUDITORS' REPORT

Village of Hanoverton
Columbiana County
P.O. Box 177
Hanoverton, Ohio 43326

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Hanoverton, Columbiana County, (the Village) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Hanoverton, Columbiana County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



CHARLES E. HARRIS & ASSOCIATES, INC.

June 27, 2014

VILLAGE OF HANOVERTON
COLUMBIANA COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Agency	
Cash Receipts					
Property and Other Local Taxes	\$ 14,894	\$ 5,852	-	-	\$ 20,746
Intergovernmental	19,547	23,240	-	-	42,787
Fines, Licenses and Permits	12,583	1,940	-	\$ 20,665	35,188
Earnings on Investments	21	-	-	-	21
Miscellaneous	35,407	275	-	-	35,682
<i>Total Cash Receipts</i>	<u>82,452</u>	<u>31,307</u>	<u>-</u>	<u>20,665</u>	<u>134,424</u>
Cash Disbursements					
Current:					
Security of Persons and Property	6,259	8,348	-	-	14,607
Leisure Time Activities	2,027	-	-	-	2,027
Transportation	356	16,897	-	-	17,253
General Government	38,186	465	-	-	38,651
Other	-	-	-	20,665	20,665
Capital Outlay	7,872	1,125	\$ 12,500	-	21,497
Debt Service:					
Principal Retirement	1,250	-	-	-	1,250
<i>Total Cash Disbursements</i>	<u>55,950</u>	<u>26,835</u>	<u>12,500</u>	<u>20,665</u>	<u>115,950</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	26,502	4,472	(12,500)	-	18,474
Other Financing Receipts (Disbursements)					
Other Debt Proceeds	-	-	12,500	-	12,500
Transfers In	-	7,000	-	-	7,000
Transfers Out	(7,000)	-	-	-	(7,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(7,000)</u>	<u>7,000</u>	<u>12,500</u>	<u>-</u>	<u>12,500</u>
<i>Net Change in Fund Cash Balances</i>	19,502	11,472	-	-	30,974
<i>Fund Cash Balances, January 1</i>	<u>36,473</u>	<u>51,361</u>	<u>173</u>	<u>-</u>	<u>88,007</u>
Fund Cash Balances, December 31					
Restricted	-	62,833	-	-	62,833
Committed	-	-	-	-	-
Unassigned	55,975	-	173	-	56,148
<i>Fund Cash Balances, December 31</i>	<u>\$ 55,975</u>	<u>\$ 62,833</u>	<u>\$ 173</u>	<u>-</u>	<u>\$ 118,981</u>

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

VILLAGE OF HANOVERTON
COLUMBIANA COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Agency	
Cash Receipts					
Property and Other Local Taxes	\$ 15,189	\$ 5,185	-	-	\$ 20,374
Intergovernmental	20,028	22,905	-	-	42,933
Fines, Licenses and Permits	5,240	800	-	\$ 10,726	16,766
Earnings on Investments	31	-	-	-	31
Miscellaneous	35,721	48	-	-	35,769
<i>Total Cash Receipts</i>	<u>76,209</u>	<u>28,938</u>	<u>-</u>	<u>10,726</u>	<u>115,873</u>
Cash Disbursements					
Current:					
Security of Persons and Property	5,645	6,545	-	-	12,190
Public Health Services	620	-	-	-	620
Leisure Time Activities	2,323	-	-	-	2,323
Transportation	300	17,796	-	-	18,096
General Government	30,100	1,720	-	-	31,820
Other	-	-	-	10,726	10,726
Capital Outlay	44,619	1,750	-	-	46,369
Debt Service:					
Principal Retirement	2,000	-	-	-	2,000
<i>Total Cash Disbursements</i>	<u>85,607</u>	<u>27,811</u>	<u>-</u>	<u>10,726</u>	<u>124,144</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(9,398)	1,127	-	-	(8,271)
Other Financing Receipts (Disbursements)					
Transfers In	-	4,300	-	-	4,300
Transfers Out	(4,300)	-	-	-	(4,300)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(4,300)</u>	<u>4,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(13,698)	5,427	-	-	(8,271)
<i>Fund Cash Balances, January 1</i>	<u>50,171</u>	<u>45,934</u>	<u>\$ 173</u>	<u>-</u>	<u>96,278</u>
Fund Cash Balances, December 31					
Restricted	-	51,361	-	-	51,361
Unassigned	36,473	-	173	-	36,646
<i>Fund Cash Balances, December 31</i>	<u>\$ 36,473</u>	<u>\$ 51,361</u>	<u>\$ 173</u>	<u>\$ -</u>	<u>\$ 88,007</u>

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

**VILLAGE OF HANOVERTON
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Hanoverton, Columbiana County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws 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 present all activities for which the Village is financially accountable.

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 of 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.)

The 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, purchases 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.

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:

Governmental Fund Types:

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 capital projects) that are restricted to expenditures for specific purposes. The Village had the following significant Special Revenue funds:

VILLAGE OF HANOVERTON
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

D. **FUND ACCOUNTING** – (continued)

Governmental Fund Types: – (continued)

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

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:

- *Grant Construction Fund* – This fund receives grant money for constructing, repairing and maintaining parks.

Fiduciary Fund: This fund includes private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments. The Village has no trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant agency fund:

- *Mayor's Court Fund* - This fund is used to account for activities for the Village's Mayor's Court.

E. **BUDGETARY PROCESS**

Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and object level of control.

A summary of 2012 and 2013 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.

G. **ACCUMULATED LEAVE**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF HANOVERTON
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

H. FUND BALANCE

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

1. Nonspendable

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

2. Restricted

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

3. Committed

Council can commit amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless Council amends the resolution or ordinance. Committed fund balances also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

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

5. Unassigned

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

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

**VILLAGE OF HANOVERTON
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

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:

	2013	2012
Demand Deposit	\$ 74,071	\$ 63,097
Total Deposits	74,071	63,097
Investments:		
Certificates of Deposit	44,910	24,910
Total Investments	44,910	24,910
Total Deposits and Investments	\$ 118,981	\$ 88,007

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

3. 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.

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

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2013 and 2012 is as follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 78,697	\$ 82,452	\$ 3,755
Special Revenue	40,240	38,307	(1,933)
Capital Project	12,500	12,500	-
Total	\$ 131,437	\$ 133,259	\$ 1,822

**VILLAGE OF HANOVERTON
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

4. BUDGETARY ACTIVITY – (Continued)

2013 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 111,025	\$ 62,950	\$ 48,075
Special Revenue	48,376	26,835	21,541
Capital Projects	12,500	12,500	-
Total	\$ 159,401	\$ 89,785	\$ 69,616

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 55,836	\$ 76,209	\$ 20,373
Special Revenue	52,252	33,238	(19,014)
Total	\$ 108,088	\$ 109,447	\$ 1,359

2012 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 97,875	\$ 89,907	\$ 7,968
Special Revenue	33,906	27,811	6,095
Total	\$ 131,781	\$ 117,718	\$ 14,063

5. RETIREMENT SYSTEM

Employees of the Village belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a state operated, 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.

Contribution rates are prescribed by the Ohio Revised Code. OPERS members contributed 10% in 2012 and in 2013 of their gross pay while the Village contributed an amount equal to 14% of covered payroll for both years. The Village paid all required contributions through 2013.

6. DEBT

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Water Pollution Control Loan	\$11,250	0.00%

**VILLAGE OF HANOVERTON
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

6. DEBT – (Continued)

The Ohio Water Development Authority (OWDA) loan relates to the sewer system the Village is planning on building. The OWDA approved a 0%, \$12,500 loan to the Village for the project. The loan is to be repaid in ten annual installments. The loan is uncollateralized

Amortization of the above debt is scheduled as follows:

<u>OWDA Loan</u>	
<u>Year Ending December 31:</u>	
2014	\$ 1,250
2015	2,500
2016	2,500
2017	2,500
2018	2,500
Total	<u>\$ 11,250</u>

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- . Comprehensive property and general liability;
- . Vehicles; and
- . Errors and omissions.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

The Village pays the State Worker’s Compensation System a premium based on a flat fee. The fee is calculated based on accident history and administrative costs.

8. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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

INDEPENDENT AUDITORS' 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 43326

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Hanoverton, Columbiana County, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-VOH-01 described in the accompanying schedule of findings to be 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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

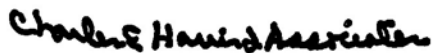
We also noted certain matters that we have reported to management of the Village in a separate letter dated June 27, 2014.

Entity's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

Purpose of this Report

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



CHARLES E. HARRIS & ASSOCIATES, INC.

June 27, 2014

**VILLAGE OF HANOVERTON
COLUMBIANA COUNTY, OHIO
SCHEDULE OF FINDINGS
December 31, 2013 and 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number: 2013-VOH-01 – Material Weakness

The Village's management is responsible for the fair presentation of the financial statements. Errors were noted in the financial statements, resulting in several audit adjustments including the following:

- Lease Proceed from DPS Gas and Oil in the amount of \$29,848 was recorded in the Agency Fund (Other Financing Sources) instead of General Fund (Miscellaneous) in 2013
- Disbursements of \$9,063 paid by the Village to its attorney for legal services were accounted for in Agency Fund (Other Financing Uses) instead of the General Fund (General Government)
- Debt proceeds and Capital outlay disbursements in the amount of \$12,500 paid by OWDA directly to vendors on behalf of the Village were not accounted for in the Capital Project Fund
- The purchase of a Certificate of Deposit in the amount of \$20,000 was incorrectly recorded as a disbursement instead of a reclassification of cash

The accompanying financial statements and Village's records have been adjusted to correct these errors.

To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the annual report by Council and audit committee to identify and correct errors, omissions, and misclassifications. Management can use the Village Officers' Handbook and the Uniform Accounting Network handbook as guidance.

Officials' Response:

Management will review all transactions for accuracy in the future and obtain guidance when necessary.

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Dave Yost • Auditor of State

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
JULY 31, 2014**