

**HANOVER TOWNSHIP**  
LICKING COUNTY, OHIO

**REGULAR AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**





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Township Trustees  
Hanover Township  
1525 Rock Haven Road  
Newark, Ohio 43055

We have reviewed the *Independent Auditor's Report* of Hanover Township, Licking County, prepared by Julian & Grube, Inc., for the audit period January 1, 2019 through December 31, 2020. 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. Hanover Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

November 19, 2021

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**HANOVER TOWNSHIP  
LICKING COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report .....	1 - 2
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2020.....	3
Notes to the Financial Statement For the Year Ended December 31, 2020.....	4 - 10
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2019.....	11
Notes to the Financial Statement For the Year Ended December 31, 2019.....	12 - 17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	18 - 19
Schedule of Findings and Responses.....	20 - 30
Summary Schedule of Prior Audit Findings.....	31 - 32

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## Independent Auditor's Report

Hanover Township  
Licking County  
1525 Rock Haven Rd  
Newark, Ohio 43055

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and related notes of Hanover Township, Licking County, Ohio.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), as described in Note 2. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Hanover Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hanover Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2, the financial statements are prepared by Hanover Township, on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though Hanover Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the "Additional Opinion Qualification" paragraph below.

***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 Hanover Township, as of December 31, 2020 and 2019, and the respective changes in net position, thereof for the years then ended.

***Basis for Additional Opinion Qualification***

Cemetery receipts presented as Licenses, Permits and Fees on the financial statements of \$12,076 and \$14,210 accounted for 12% and 16% of cash receipts in the General Fund for the years ended December 31, 2020 and December 31, 2019, respectively. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as received. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Additional Opinion Qualification***

In our opinion, except for the effects of the matter described in the "Basis for Additional Opinion Qualification" paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and related notes of Hanover Township, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as described in Note 2.

***Emphasis of Matters***

As described in Note 10 to the financial statements, during 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of Hanover Township. As described in Note 11 to the financial statements, during 2020, Hanover Township adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. As described in Note 13 to the financial statements for 2020 and Note 10 to the financial statements for 2019, the Township had a deficit cash-basis fund balance of \$12,278 and \$67,429 in its General Fund for the years ended December 31, 2020 and December 31, 2019, respectively. We did not modify our opinions regarding these matters.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2021, on our consideration of Hanover Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hanover Township's 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 Hanover Township's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
September 17, 2021



**HANOVER TOWNSHIP  
LICKING COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
<b>Cash receipts:</b>					
Property and Other Local Taxes	\$ 46,914	\$ 427,719	\$ -	\$ -	\$ 474,633
Licenses, Permits and Fees	12,076	-	-	-	12,076
Intergovernmental	39,343	281,311	-	-	320,654
Earnings on Investments	482	128	-	-	610
Miscellaneous	623	20,341	-	-	20,964
<i>Total Cash Receipts</i>	<u>99,438</u>	<u>729,499</u>	<u>-</u>	<u>-</u>	<u>828,937</u>
<b>Cash disbursements:</b>					
Current:					
General Government	41,383	3,670	-	-	45,053
Public Safety	-	293,404	-	-	293,404
Public Works	2,839	266,360	-	-	269,199
Health	65	8,901	-	-	8,966
<i>Total Cash Disbursements</i>	<u>44,287</u>	<u>572,335</u>	<u>-</u>	<u>-</u>	<u>616,622</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>55,151</u>	<u>157,164</u>	<u>-</u>	<u>-</u>	<u>212,315</u>
<i>Fund Cash Balances, January 1, 2020</i>	<u>(67,429)</u>	<u>406,804</u>	<u>4,197</u>	<u>3,666</u>	<u>347,238</u>
<i>Fund Cash Balances, December 31, 2020</i>	<u>\$ (12,278)</u>	<u>\$ 563,968</u>	<u>\$ 4,197</u>	<u>\$ 3,666</u>	<u>\$ 559,553</u>

THE NOTES TO THE FINANCIAL STATEMENT IS AN INTEGRAL PART OF THIS STATEMENT.

**Hanover Township**  
*Licking County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Hanover Township, Licking County, Ohio (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, and cemetery maintenance. The Township contracts with the Hanover Volunteer Fire Department to provide fire protection services.

The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Township belongs to the Ohio Plan Risk Management, Inc., a non-assessable unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments. Note 7 to the financial statement provides additional information for this entity.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant special revenue funds:

***Gas Tax Fund*** - The Gas Tax Fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Road and Bridge Fund*** - The Road and Bridge Fund accounts for and reports that portion of County property tax restricted for maintenance and repair of roads within the Township.

***Fire Levy Fund*** - The Fire Levy Fund accounts for and reports that portion of County property tax restricted for fire protection within the Township.

***Capital Project Funds*** - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following capital project fund:

***Capital Project Fund*** – This fund accounts for receipts restricted to acquiring or constructing major capital projects.

**Hanover Township**  
*Licking County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies - (Continued)**

**Permanent Funds** - These funds account for and report financial resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following permanent fund:

***Cemetery Trust Fund*** – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for general maintenance and upkeep of the cemetery.

***Basis of Accounting***

This financial statement follows 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***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 Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

***Encumbrances***

The Ohio Revised Code requires the Township 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 2020 budgetary activity appears in Note 4.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

**Hanover Township**  
*Licking County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies - (Continued)**

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

***Fund Balance***

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

***Nonspendable*** - The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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.

***Committed*** - Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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 Township 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Note 3 – Compliance**

Contrary to Ohio law, the Township did not file their permanent appropriations with the County for 2020. Expenditures exceeded appropriations by \$44,287 in the General fund, and by \$572,335 in the Special Revenue funds.

Contrary to Federal and Ohio laws, the Township did not remit certain payroll withholdings to the proper entities in a timely manner.

Contrary to Federal law, the Township did not prepare 1099-MISC forms for payments of \$600 or more to persons not treated as employees for services performed.

**Hanover Township**  
*Licking County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2020*

**Note 3 – Compliance (Continued)**

Contrary to Ohio law, the Township's elected officials did not attend -- or have a designee attend -- the required public records training, display the public records policy conspicuously in all offices, or distribute the public records policy to the records custodian.

Contrary to Ohio law, the Township did not make its current employees aware of the fraud reporting system, nor make new employees confirm receipt of this information.

Contrary to Ohio law, the Township's fiscal officer did not attend the required annual continuing education programs required, nor provide a notice of exemption.

Contrary to Ohio law, the Township did not properly certify the availability of funds prior to expenditure, nor follow the allowed exceptions.

Contrary to Ohio law, the Township did not pass the required resolution nor maintain proper certifications in order for the Township's fiscal officer and trustees to be paid from funds other than the General Fund.

Contrary to Ohio law, the General fund had a deficit fund balance of \$12,278 at December 31, 2020.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 46,443	\$ 99,438	\$ 52,995
Special Revenue	542,347	729,499	187,152
Capital Projects	-	-	-
Permanent	-	-	-
Total	\$ 588,790	\$ 828,937	\$ 240,147

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 44,287	\$ (44,287)
Special Revenue	-	572,335	(572,335)
Capital Projects	-	-	-
Permanent	-	-	-
Total	\$ -	\$ 616,622	\$ (616,622)

**Hanover Township**  
*Licking County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2020*

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**Note 5 – Deposits**

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Township’s deposit accounts are as follows:

	<u>2020</u>
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$556,488
Certificates of deposit	<u>3,065</u>
Total deposits	<u>559,553</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with the qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes these credits and/or deduction 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 Township.

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

**Note 7 – Risk Management**

***Workers’ Compensation***

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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 is legally separate from its member governments. 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.

OPRM coverage programs 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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000.

**Hanover Township**  
*Licking County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2020*

**Note 7 – Risk Management – (Continued)**

The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM’s property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2020:

	2020
Assets	\$18,826,974
Liabilities	(13,530,267)
Members' Equity	\$5,296,707

Complete audited financial statements for OPRM can be found at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Township’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012 - 2020</i>	<i>10%</i>	<i>14%</i>

**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and the combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**Note 10 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Hanover Township**  
*Licking County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2020*

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**Note 10 – COVID-19 – (Continued)**

During 2020, the Township received CARES Act funding. Of the amounts received, \$50,322 was sub-granted to other governments and organizations. These amounts are reflected as public safety expenditures in the Coronavirus Relief Special Revenue fund on the accompanying financial statement.

**Note 11 – Change in Accounting Principle**

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. However, the Township did not have any fiduciary funds to report for 2020. Therefore, there was no effect to beginning cash balances.

**Note 12 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:					
Corpus	\$ -	\$ -	\$ -	\$ 3,065	\$ 3,065
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,065</u>	<u>\$ 3,065</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, capital projects, and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 13 – Financial Condition**

As of December 31, 2020, the Township had a deficit cash-basis fund balance of \$12,278 in its General Fund. The Local Government Services Division of the Ohio Auditor of State Keith Faber Office is currently monitoring and assisting the Township in implementing a combination of cost-cutting and other changes (as determined by the Township Trustees) to address this deficit and negative General Fund cash balance.



**HANOVER TOWNSHIP  
LICKING COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) - ALL  
GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2019

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
<b>Cash receipts:</b>					
Property and Other Local Taxes	\$ 42,302	\$ 430,815	\$ -	\$ -	\$ 473,117
Licenses, Permits and Fees	14,210	-	-	-	14,210
Intergovernmental	29,221	144,689	-	-	173,910
Earnings on Investments	1,161	1,161	-	62	2,384
Miscellaneous	1,911	13,500	-	-	15,411
<i>Total Cash Receipts</i>	<u>88,805</u>	<u>590,165</u>	<u>-</u>	<u>62</u>	<u>679,032</u>
<b>Cash disbursements:</b>					
Current:					
General Government	37,111	-	-	-	37,111
Public Safety	-	285,213	-	-	285,213
Public Works	-	259,224	-	-	259,224
Health	-	6,626	-	-	6,626
<i>Total Cash Disbursements</i>	<u>37,111</u>	<u>551,063</u>	<u>-</u>	<u>-</u>	<u>588,174</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>51,694</u>	<u>39,102</u>	<u>-</u>	<u>62</u>	<u>90,858</u>
<i>Fund Cash Balances, January 1, 2019</i>	<u>(119,123)</u>	<u>367,702</u>	<u>4,197</u>	<u>3,604</u>	<u>256,380</u>
<b>Fund Cash Balances December 31, 2019</b>					
Nonspendable	-	-	-	3,065	3,065
Restricted	-	406,804	4,197	601	411,602
Unassigned (Deficit)	<u>(67,429)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67,429)</u>
<i>Fund Cash Balances, December 31, 2019</i>	<u>\$ (67,429)</u>	<u>\$ 406,804</u>	<u>\$ 4,197</u>	<u>\$ 3,666</u>	<u>\$ 347,238</u>

THE NOTES TO THE FINANCIAL STATEMENT IS AN INTEGRAL PART OF THIS STATEMENT.

**Hanover Township**  
*Licking County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Hanover Township, Licking County, Ohio (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, and cemetery maintenance. The Township contracts with the Hanover Volunteer Fire Department to provide fire protection services.

The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Township belongs to the Ohio Plan Risk Management, Inc., a non-assessable unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments. Note 7 to the financial statement provides additional information for this entity.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant special revenue funds:

***Gas Tax Fund*** - The Gas Tax Fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Road and Bridge Fund*** - The Road and Bridge Fund accounts for and reports that portion of County property tax restricted for maintenance and repair of roads within the Township.

***Fire Levy Fund*** - The Fire Levy Fund accounts for and reports that portion of County property tax restricted for fire protection within the Township.

***Capital Project Funds*** - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following capital project fund:

***Capital Project Fund*** – This fund accounts for receipts restricted to acquiring or constructing major capital projects.

**Hanover Township**  
*Licking County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies - (Continued)**

**Permanent Funds** - These funds account for and report financial resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following permanent fund:

***Cemetery Trust Fund*** – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for general maintenance and upkeep of the cemetery.

***Basis of Accounting***

This financial statement follows 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***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 Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

***Encumbrances***

The Ohio Revised Code requires the Township 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 2019 budgetary activity appears in Note 4.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

**Hanover Township**  
*Licking County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies - (Continued)**

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

***Fund Balance***

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

***Nonspendable*** - The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***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.

***Committed*** - Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***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 the Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

***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 Township 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.

**Note 3 – Compliance**

Contrary to Ohio law, the Township did not file their permanent appropriations or certificate of estimated resources with the County for 2019. Expenditures exceeded appropriations by \$37,111 in the General fund, and by \$551,063 in the Special Revenue funds.

Contrary to Federal and Ohio laws, the Township did not remit certain payroll withholdings to the proper entities in a timely manner.

Contrary to Federal law, the Township did not prepare 1099-MISC forms for payments of \$600 or more to persons not treated as employees for services performed.

Contrary to Ohio law, the Township's elected officials did not attend -- or have a designee attend -- the required public records training, display the public records policy conspicuously in all offices, or distribute the public records policy to the records custodian.

**Hanover Township**  
*Licking County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2019*

**Note 3 – Compliance (Continued)**

Contrary to Ohio law, the Township did not make its current employees aware of the fraud reporting system, nor make new employees confirm receipt of this information.

Contrary to Ohio law, the Township's fiscal officer did not attend the required annual continuing education programs required, nor provide a notice of exemption.

Contrary to Ohio law, the Township did not properly certify the availability of funds prior to expenditure, nor follow the allowed exceptions.

Contrary to Ohio law, the Township did not pass the required resolution nor maintain proper certifications in order for the Township's fiscal officer and trustees to be paid from funds other than the General Fund.

Contrary to Ohio Law, the General fund had a deficit fund balance of \$67,429 at December 31, 2019.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 88,805	\$ 88,805
Special Revenue	-	590,165	590,165
Capital Projects	-	-	-
Permanent	-	62	62
Total	\$ -	\$ 679,032	\$ 679,032

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 37,111	\$ (37,111)
Special Revenue	-	551,063	(551,063)
Capital Projects	-	-	-
Permanent	-	-	-
Total	\$ -	\$ 588,174	\$ (588,174)

**Hanover Township**  
*Licking County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2019*

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**Note 5 – Deposits**

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Township’s deposit accounts are as follows:

	<u>2019</u>
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$344,173
Certificates of deposit	<u>3,065</u>
Total deposits	<u>347,238</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with the qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes these credits and/or deduction 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 Township.

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

**Note 7 – Risk Management**

***Workers’ Compensation***

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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 is legally separate from its member governments. 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.

OPRM coverage programs 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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000.

**Hanover Township**  
*Licking County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2019*

**Note 7 – Risk Management – (Continued)**

The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM’s property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2019:

	2019
Assets	\$15,920,504
Liabilities	(11,329,011)
Members' Equity	\$4,591,493

Complete audited financial statements for OPRM can be found at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Township’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012 - 2019</i>	<i>10%</i>	<i>14%</i>

**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and the combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 10 – Financial Condition**

As of December 31, 2019, the Township had a deficit cash-basis fund balance of \$67,429 in its General Fund. The Local Government Services Division of the Ohio Auditor of State Keith Faber Office is currently monitoring and assisting the Township in implementing a combination of cost-cutting and other changes (as determined by the Township Trustees) to address this deficit and negative General Fund cash balance.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Hanover Township  
Licking County  
1525 Rock Haven Rd  
Newark, Ohio 43055

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type of Hanover Township, Licking County, Ohio, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated September 17, 2021, wherein we noted as described in Note 2 to the financial statements, Hanover Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. As described in Note 10 to the financial statements, during 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of Hanover Township. As described in Note 11 to the financial statements, during 2020 Hanover Township adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. As described in Note 13 to the financial statements for 2020 and Note 10 to the financial statements for 2019, the Township had a deficit cash-basis fund balance of \$12,278 and \$67,429 in its General Fund for the years ended December 31, 2020 and December 31, 2019, respectively. Additionally, we qualified our opinion over cemetery receipts presented as Licenses, Permits and Fees on the financial statements in the General Fund for the years ended December 31, 2020 and 2019, due to a lack of sufficient appropriate audit evidence in noncompliance with OAC Section 117-2-02(D).

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Hanover Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hanover Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Hanover Township's internal control.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Hanover Township's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2020-002 through 2020-004, 2020-006, and 2020-012 to be material weaknesses.



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 the deficiencies described in the accompanying schedule of findings and responses as items 2020-001, 2020-011, 2020-013, and 2020-015 to be significant deficiencies.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Hanover Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2020-003 through 2020-005, 2020-007 through 2020-010, and 2020-014 through 2020-015.

### ***Hanover Township's Responses to Findings***

Hanover Township's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Hanover Township's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hanover Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hanover Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
September 17, 2021

**HANOVER TOWNSHIP  
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-001

Significant Deficiency – Board Monitoring

Strong monitoring practices of Township financial activities are the responsibility of the Township's Board and are essential to ensure proper financial reporting. The Board should be provided with and review on a regular basis, the monthly financial reports, bank reconciliations, budgeted versus actual financial activity and cash balances for the Township.

The Township completed monthly reconciliations throughout the audit period and maintained all financial reports in UAN. However, the Board failed to monitor all financial information to ensure accuracy.

Failure to monitor bank reconciliations and financial information could lead to noncompliance, errors and irregularities in the financial statements.

The Township Board should ensure strong monitoring practices of Township financial activities are implemented and operating effectively. This includes, but is not limited to, the Board reviewing monthly financial reports, bank reconciliations and ensuring they accurately represent underlying budgeted and actual financial activities and cash balances. While some evidence of the Board's reviews are documented in the minutes, evidence of management's reviews should also be documented by having them sign and date the reports they reviewed.

Client Response: The Township will work to provide a sound fiscal environment and implement additional policies and procedures to help correct these issues moving forward.

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-002

Material Weakness – Financial Reporting

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions.

In order to properly state financial statement amounts, certain adjustments were made to the Township's financial statement and related notes for the year ended December 31, 2020.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made. The present system lacks fiscal oversight and approvals and fails to meet the above expectations.

We recommend the Township implement additional internal controls to help ensure receipts and disbursements are properly recorded and reflected in the Township's records. We further recommend the Township implement additional internal controls over financial reporting to help ensure accurate financial reports throughout the year and at year end. We also recommend the Township consult their auditors, local government services or UAN for proper posting of transactions if questions arise.

Client Response: The Township will work to provide a sound fiscal environment and implement additional policies and procedures to help correct these issues moving forward.

**HANOVER TOWNSHIP  
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-003

Material Weakness/Noncompliance – Budgetary Requirements

Ohio Rev. Code § 5705.38(A) requires on or about the first day of each fiscal year, an appropriation measure be passed. The Township may pass a temporary appropriation measure to meet their ordinary expenses until April 1st, at which time a permanent appropriation measure must be passed.

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated. The legal level of budgetary control for the Township is the level at which the Board of Trustees adopts the original appropriation measure.

Ohio Rev. Code § 5705.36(A)(1) requires on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund in the tax budget along with any encumbered balances that existed at the end of the preceding year. In addition, Ohio Rev. Code § 5705.36(A)(3) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenues to be collected will be greater or less than the amount in the official certificate of estimated resources.

Ohio Admin. Code § 117-2-02(C)(1) states in part, all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

The Township utilizes the UAN system to maintain budgetary information and the Township’s budgetary statements should reflect what is certified to and approved by the County.

The Township did not adopt a permanent appropriation measure for fiscal years 2020 or 2019, and did not certify to the county auditor the total amount from all sources available for expenditures from each fund in 2019. As a result, budgetary expenditures exceeded appropriations at December 31, 2020 and 2019 in the General and Special Revenue funds due to not adopting appropriations.

Failure to have adequate appropriation authority in place at the time of expenditure resulted in expenditures exceeding appropriations, and has resulted in deficit spending. Failure to properly update the accounting system does not provide the Township's management and Board with accurate budgetary information on the system generated reports. This increases the Township's risk of expending more money than it receives because the related controls that are implemented in the system would not prevent instances of non-compliance.

The Township Trustees should adopt a permanent appropriation measure by April 1st each year and file it with the County Auditor. In addition, the Township should certify with the County Auditor the total amount from all sources available for expenditures from each fund by January 1st each year. The Township should consult its legal counsel and review the Auditor of State’s Ohio Compliance Supplement, and develop a budgetary schedule and timeline to assure all annual budgetary filings and compliance requirements are met. The Fiscal Officer should also update the Official Certificate of Estimated Resources and the Annual Appropriation measures in the UAN system when the need arises, based on the aforementioned requirements. With the budget information input into the UAN system, the Township should then review monthly budget to actual reports to help ensure expenditures do not exceed appropriations.

Client Response: The Township will work to provide a sound fiscal environment and implement additional policies and procedures to help correct these issues moving forward.

**HANOVER TOWNSHIP  
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-004

Material Weakness/Noncompliance – Late Remittances of Payroll Withholdings

Ohio Rev. Code § 145.47 (B) states the head of each state department, institution, board, and commission, and the fiscal officer of each local authority subject to this chapter, shall transmit to the system for each contributor subsequent to the date of coverage an amount equal to the applicable per cent of each contributor's earnable salary at such intervals and in such form as the system shall require. The head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the system a report of contributions at such intervals and in such form as the system shall require, showing thereon all the contributions and earnable salary of each contributor employed, together with warrants, checks, or electronic payments covering the total of such deductions. A penalty shall be added when such report, together with warrants, checks, or electronic payments to cover the total amount due from the earnable salary of all amenable employees of such employer, is filed thirty or more days after the last day of such reporting period.

Ohio Rev. Code § 5747.06 requires the employing government to withhold state income taxes. It also requires the government to report and remit those tax matters to the appropriate tax authorities and to the recipients.

Section 278, Public Law 97-248, H. R. 4961 states that Medicare should be deducted from employees' compensation for all employees hired after March 31, 1986. Furthermore, employers are liable for reporting and remitting these taxes.

26 U.S.C. § 3402(a)(1) states in general, except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary.

26 U.S.C. § 3403 states that the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment.

The Fiscal Officer withheld the required Ohio Public Employees Retirement System (OPERS), state payroll taxes, federal income taxes, and Medicare for both 2020 and 2019; however, the withholdings were not always remitted to the proper entity in a timely manner. Failure to make remittances timely could result in the Township being assessed unnecessary fees.

We recommend the required tax returns and OPERS reports be prepared and submitted, and the amounts withheld be properly remitted, as prescribed in accordance with the taxing authorities and OPERS' due dates.

Client Response: The Township will work to provide a sound fiscal environment and implement additional policies and procedures to help correct these issues moving forward.

**HANOVER TOWNSHIP  
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-005

Noncompliance – 1099-Miscellaneous

26 CFR § 1.6041-1 states that you must file Form 1099-MISC, Miscellaneous Income, to report payments of \$600 or more to persons not treated as employees (for example, independent contractors) for services performed for your trade or business.

The Township did not prepare 1099-MISC forms during 2020 or 2019. Per testing over non-payroll disbursements, we noted one eligible independent contractor whose compensation exceeded the \$600 threshold in 2020, in which a 1099 was not issued.

Failure to prepare the required forms could result in fines and penalties being levied against the Township.

The Township should establish policies and procedures to verify that payments in excess of \$600 to its independent contractors are reported on the 1099-Misc form. The Township should also review the relationship of the above mentioned party to determine whether they are an independent contractor or employee.

Client Response: The Township will work to provide a sound fiscal environment and implement additional policies and procedures to help correct these issues moving forward.

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-006

Material Weakness – Maintenance of Supporting Documentation

Maintaining organized documentation and support for financial transactions is essential in assuring the Township’s financial statements are accurately presented and that all expenditures are made for a proper public purpose.

The Township did not maintain underlying documentation and support for the instances noted below:

- The Township did not use a pre-numbered receipt book for the collection of cemetery receipts during 2020 and 2019. We were unable to trace cemetery receipts tested to the deed book.
- Although approved by the Board, the Township could not provide a finalized agreement for Fire Protection and Emergency Medical Protection payments in 2020 and 2019.
- Although approved by the Board, the Township could not provide a finalized agreement for materials totaling \$7,200 for a salt shed in 2020.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and could result in expenditures that are not for a proper public purpose.

The Township should maintain all agreements, receipts, invoices, purchase orders, and additional support as needed and records should be maintained in an orderly manner to support all transactions. In addition, the Township should consider using a pre-numbered receipt book to support the cemetery receipts. This will help ensure the information in the financial statements is complete and accurate.

Client Response: The Township will work to provide a sound fiscal environment and implement additional policies and procedures to help correct these issues moving forward.

**HANOVER TOWNSHIP  
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-007

Noncompliance – Public Records Policy and Training

Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1) require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio’s Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General’s Office or from another entity certified by the Attorney General to provide the training to the elected official or his/her designee. Attendees who successfully complete the training will receive a certificate to serve as proof of training.

Ohio Rev. Code § 149.43(E)(2) provides that every public office must have a policy in place for responding to public records requests. Generally, a public records policy cannot: (1) limit the number of public records the office will make available to a single person; (2) limit the number of public records the office will make available during a fixed period of time; and (3) establish a fixed period of time before the office will respond to a request for inspection/copying of public records unless that period is less than eight hours. However, pursuant to Ohio Rev. Code § 149.43(B)(7)(c), the policy may limit the number of public records the public office will physically deliver by U.S. Mail or other delivery service to ten per month unless the person certifies to the office in writing that the person does not intend to use or forward the requested records, or the information contained in them, for commercial purposes. “Commercial” is narrowly construed and does not include reporting or gathering news, reporting or gathering information to assist citizen oversight or understanding of the operation or activities of government, or nonprofit educational research.

Ohio Rev. Code § 149.43(E)(2) further requires all public offices take certain actions with regard to their public record policy. Public offices must distribute their Public Records Policy to the employee who is the records custodian/manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the Public Records Policy; create and display in a conspicuous place in all locations where the public office has branch offices a poster describing the public records policy; and, if the public office has a manual or handbook of its general policies and procedures for all employees, include the public records policy in that manual or handbook.

None of the Township's elected officials, during their term of office, attended a required Certified Public Records Training or had an appropriate designee attend a training, due to deficiencies in internal controls over public record laws training procedures and monitoring. Furthermore, while the Township has a formal written public records policy, but the Township failed to display the policy publicly on a poster in the Township Hall or in the Township Handbook. The Township also did not distribute the policy to the records custodian/manager and obtain written receipt of this.

Failure to follow the aforementioned requirements could result in improper education of public offices regarding the offices' duties related to public records requests, improper withholding of information from stakeholders, and ultimately could result in records requests not being fulfilled in accordance with Ohio law.

The elected officials, or their designee(s), should, during their term of office, attend public records training and maintain proof of completion of the training. In addition, the public records policy shall be distributed to the records custodian/manager and the Township should have a written acknowledgement of receipt from the records custodian/manager. Furthermore, a poster describing the public records policy must be conspicuously displayed in all of the Township’s branch offices and the public records policy must be included in policy manuals or handbooks if any exist.

Client Response: The Township will work to provide a sound fiscal environment and implement additional policies and procedures to help correct these issues moving forward.

**HANOVER TOWNSHIP  
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-008

Noncompliance – Fraud Reporting System

Ohio Rev. Code § 117.103 (B)(1) states that a public office shall provide information about the Ohio fraud reporting system and the means of reporting fraud to each new employee upon employment with the public office. Each new employee shall confirm receipt of this information within thirty days after beginning employment. Furthermore, Ohio Rev. Code § 117.103 (B)(2) states that on the effective date of this section (May 4, 2012), each public office shall make all its employees aware of the fraud-reporting system.

For 2020 and 2019, the Township neither made its current employees aware of the fraud reporting system nor made new employees confirm receipt of this information.

Failure to notify employees of the fraud reporting system could lead to instances of unreported fraud.

In order to prevent unreported instances of fraud, we recommend the Township should communicate the fraud reporting system to its current employees and implement a process for informing new employees of the system.

Client Response: The Township will work to provide a sound fiscal environment and implement additional policies and procedures to help correct these issues moving forward.

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-009

Noncompliance – Continuing Professional Education

Ohio Rev Code § 135.22 (B) states that to enhance the background and working knowledge of treasurers in investments, cash management, and ethics, the treasurer of state shall provide annual continuing education programs for treasurers. A treasurer annually shall complete the continuing education programs described, unless the treasurer annually provides a notice of exemption.

The Fiscal Officer did not attend the annual continuing education programs provided by the Treasurer of State or complete the annual exemption certified by the Treasurer of State and filed with the Auditor of State’s office.

Not attending continuing education or filing the annual exemption can lead to possible improper investments and noncompliance.

In order to maintain and/or enhance the working knowledge and prevent future occurrences of noncompliance, we recommend the Fiscal Officer shall attend the annual training or complete an annual exemption certified by the Treasurer of State and submit to the Auditor of State’s office.

Client Response: The Township will work to provide a sound fiscal environment and implement additional policies and procedures to help correct these issues moving forward.

**HANOVER TOWNSHIP  
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-010

Noncompliance – Use of Purchase Orders

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

1. “Then and Now” certificate – If the chief fiscal officer can certify both at the time the contract or order was made (“then”), and at the time the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board of Trustees can authorize the drawing of a warrant for the payment of the amount due. The Board of Trustees has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.
2. Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.
3. Blanket Certificate – The auditor or fiscal officer may prepare “blanket” certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
4. Super Blanket Certificate – The Board of Trustees may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to budgetary noncompliance (failure to properly approve annual appropriations), 100 percent of the transactions tested at year-end 2020 & 2019 were not properly certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to help ensure purchase commitments receive prior approval.



**HANOVER TOWNSHIP  
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-010 – (Continued)

We recommend the Township develop and implement controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Township. When prior certification is not possible, “then and now” certification should be used.

Client Response: The Township will work to provide a sound fiscal environment and implement additional policies and procedures to help correct these issues moving forward.

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-011

Significant Deficiency – Payroll Leave Policies and Procedures

A Township should have a resolution, policy or collective bargaining agreement outlining who is eligible to earn vacation leave, how leave is earned/accrued and how leave is to be requested for use.

During the course of the audit, we noted the Township did not have any policies or procedures regarding vacation leave.

Failure to have policies and procedures in place to track vacation leave can put the Township at risk of paying incorrect amounts or providing leave to employees who have not earned it.

The Township should implement written policies and procedures that state who is eligible to earn vacation leave, how leave is earned/accrued and how leave is to be requested for use.

Client Response: The Township will work to provide a sound fiscal environment and implement additional policies and procedures to help correct these issues moving forward.

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-012

Material Weakness – Personnel Files not Maintained

Approval of personnel actions such as hiring and setting of compensation or employment contracts should be authorized by the Board. All Board approved employment actions should be maintained in employee personnel files in addition to contracts and withholding and enrollment forms to support employee deductions.

Certain employment actions and approvals were documented in the minutes of the Board, however, we noted not all employee actions and approvals were documented in the minutes. In addition, the Township did not provide accurate and up-to-date personnel files for its staff including employment contracts, withholding authorization forms and retirement enrollment forms. Despite not having withholding forms available for review, the Township appeared to withhold federal, state and retirement contributions consistent with prior years and with positions, as required.

**HANOVER TOWNSHIP  
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-012 – (Continued)

Failure to document Board authorized personnel actions and pay rates may result in unapproved and unauthorized compensation of employees. In addition, failure to maintain contracts and withholding forms may result in deductions not being properly withheld from the employee’s paychecks and improper pay amounts.

The Township should approve all personnel actions, including authorization of employment contracts and compensation in the minutes of the Board. We further recommend the Township develop and implement procedures to provide for the maintenance of all completed and current retirement membership forms, withholding forms, and employee contracts in the employee’s personnel file.

*Client Response:* The Township will work to provide a sound fiscal environment and implement additional policies and procedures to help correct these issues moving forward.

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-013

Significant Deficiency – Township Policies and Procedures

A policy manual is essential to assure key areas of operations are fully documented (in written form) and understood by employees, management and elected officials.

The Township is operating without key policies in place and should approve, as needed, and monitor the following policies:

- Travel Reimbursement Policy
- Receipt and Disbursement Policies
- Records Retention Policy
- Personal Information Policy
- Leave Policies
- Online Banking Activity and Electronic Fund Transaction Policies

While the Township has passed some policies in the minutes, the Township has not formally adopted a policy manual addressing the above topics.

Without clearly defined policies, the Township is unable to monitor procedures to be followed by the Township.

The Township should adopt, at minimum, the aforementioned policies, and update them as necessary going forward.

*Client Response:* The Township will work to provide a sound fiscal environment and implement additional policies and procedures to help correct these issues moving forward.

**HANOVER TOWNSHIP  
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-014

Noncompliance - Payroll Allocation

Ohio Revised Code § 505.24 states a board of township trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. The amount shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. Each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed.

Ohio Revised Code § 507.09 states a township fiscal officer may be compensated from the township general fund or from other township funds based on the proportion of time the township fiscal officer spends providing services related to each fund. A township fiscal officer must document the amount of time the township fiscal officer spends providing services related to each fund by certification specifying the percentage of time spent working on matters to be paid from the township general fund or from other township funds in such proportions as the kinds of services performed.

For 2020 and 2019, the Township erroneously paid all Trustee and Fiscal Officer salaries from the Road and Bridge fund but did not pass the required resolution nor maintain proper certifications in order for the Township Trustees or Fiscal Officer to be paid from funds other than the general fund. For 2020, the Township's financial statement and ledgers were adjusted based on prior years' payroll activity.

Failure to follow these requirements could result in payroll disbursements being made improperly from funds other than the general fund.

We recommend that the Township Board of Trustees adopt a resolution to pay the Trustees by annual salary in equal monthly installments and specify the proportions of the salary that are to be paid from each fund. Additionally, the Township Trustee's and Fiscal Officer should certify the percentage of the time spent working on matters that are to be paid from funds other than the general fund prior to receiving the respective pay.

Client Response: The Township will work to provide a sound fiscal environment and implement additional policies and procedures to help correct these issues moving forward.

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-015

Significant Deficiency/Noncompliance - Negative Fund Balance

Ohio Revised Code § 5705.10(I) requires that money paid into any fund shall be used only for the purposes for which such fund is established.

A negative fund cash balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund carrying the deficit balance.

The General Fund had a deficit balance of \$12,278 and \$67,429 at December 31, 2020 and 2019, respectively. Negative fund balances could result in the use of restricted receipts for unallowable purposes.

**HANOVER TOWNSHIP  
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-015 – (Continued)

We recommend the Township implement additional procedure(s) and control(s), such as the Management and/or Board's periodic review of reports that show cash fund balances, and budgeted versus actual receipts and disbursements, to identify those funds that may potentially develop a negative balance. Advances or transfers should be made for these funds or appropriations modified to prevent a negative cash balance. The Township should refer to Ohio Compliance Supplement (OCS) Chapter 1 and/or Auditor of State Bulletin 97-003 for information regarding the accounting treatment and approval process for advances.

Client Response: The Township will work to provide a sound fiscal environment and implement additional policies and procedures to help correct these issues moving forward.

**HANOVER TOWNSHIP  
LICKING COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Additional Information</b>
2018-001	2016	<u>Internal Control – Board Monitoring</u> – The Township Board did not monitor all financial information to ensure accuracy.	Not Corrected	Reissued as finding 2020-001
2018-002	2014	<u>Internal Control – Financial Reporting</u> – Lack or failure of controls over posting of financial transactions resulted in certain audit adjustments.	Not Corrected	Reissued as finding 2020-002
2018-003	2014	<u>Noncompliance – Budgetary Requirements</u> – The Township did not adopt a permanent appropriation measure and did not certify to the county auditor the total amount from all sources available for expenditures.	Not Corrected	Reissued as finding 2020-003
2018-004	2016	<u>Noncompliance – Negative Fund Balances</u> – The General Fund had a deficit balance of \$119,123 and \$99,203 at December 31, 2018 and 2017, respectively.	Not Corrected	Reissued as finding 2020-015
2018-005	2016	<u>Noncompliance – Late Remittances of Payroll Withholdings</u> – Payroll withholdings were not always remitted to the proper entity in a timely manner, resulting in late fees being charged.	Not Corrected	Reissued as finding 2020-004
2018-006	2016	<u>Noncompliance – 1099 Miscellaneous</u> – The Township did not prepare 1099-MISC forms for eligible independent contractors as required.	Not Corrected	Reissued as finding 2020-005
2018-007	2018	<u>Internal Control – Maintenance of Supporting Documentation</u> – The Township did not maintain underlying documentation and support for various financial transactions.	Not Corrected	Reissued as finding 2020-006
2018-008	2018	<u>Noncompliance – Public Records Policy and Training</u> – The Township’s elected officials did not attend the required public records training. Additionally, the Township did not conspicuously display the public records policy in the Township Hall or obtain receipt of distribution to the records custodian/manager.	Not Corrected	Reissued as finding 2020-007
2018-009	2018	<u>Noncompliance – Hinkle System Filing</u> – The Township did not file its annual financial reports with the Auditor of State within the required 60 days after fiscal year end.	Partially Corrected	Corrective action taken in 2020. Finding is reissued in Management Letter for 2019 only, as 2020 was properly and timely filed.
2018-010	2018	<u>Noncompliance – Fraud Reporting System</u> – The Township neither made its current employees aware of the fraud reporting system nor made new employees confirm receipt of this information.	Not Corrected	Reissued as finding 2020-008

**HANOVER TOWNSHIP  
LICKING COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Additional Information</b>
2018-011	2018	<u>Noncompliance – Continuing Professional Education</u> – The Fiscal Officer did not attend the annual continuing education programs provided by the Treasurer of State or complete the annual exemption.	Not Corrected	Reissued as finding 2020-009
2018-012	2018	<u>Noncompliance – Use of Purchase Orders – Disbursements</u> were not certified by the Fiscal Officer at the time the commitments were incurred.	Not Corrected	Reissued as finding 2020-010
2018-013	2018	<u>Noncompliance – Expenditure Adjustment</u> – The Township’s financial statements and ledgers were corrected for failing to post disbursements to the proper funds.	Finding No Longer Valid	There were no issues identified relating to disbursements being made from the proper funds during 2020 or 2019.
2018-014	2018	<u>Internal Control – Payroll Leave Policies and Procedures</u> – The Township did not have any policies or procedures regarding vacation leave.	Not Corrected	Reissued as finding 2020-011
2018-015	2018	<u>Internal Control – Personnel Files not Maintained</u> – The Township did not provide accurate and up-to-date personnel files for its staff.	Not Corrected	Reissued as finding 2020-012
2018-016	2018	<u>Internal Control – Township Policies and Procedures</u> – The Township was operating without certain key policies in place through a formally adopted policy manual.	Not Corrected	Reissued as finding 2020-013

# OHIO AUDITOR OF STATE KEITH FABER



**HANOVER TOWNSHIP**

**LICKING COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 12/2/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)