



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HANOVER TOWNSHIP
COLUMBIANA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Hanover Township
Columbiana County
30658 State Route 172
East Rochester, Ohio 44625

To the Board of Trustees:

We have audited the accompanying financial statements of Hanover Township (the Township) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

May 13, 2002

**HANOVER TOWNSHIP
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$31,045	\$116,204	\$65,165	\$212,414
Intergovernmental	63,329	98,383		161,712
Special Assessments		6,947		6,947
Licenses, Permits and Fees	0	10,200		10,200
Interest	3,949	782		4,731
Other Revenue	4,086	11,976		16,062
Total Cash Receipts	<u>102,409</u>	<u>244,492</u>	<u>65,165</u>	<u>412,066</u>
Cash Disbursements:				
Current:				
General Government	92,663			92,663
Public Safety		31,859		31,859
Public Works		178,583		178,583
Health	6,119	12,505		18,624
Conservation - Recreation	2,670			2,670
Debt Service:				
Redemption of Principal			67,712	67,712
Interest and Fiscal Charges			8,469	8,469
Capital Outlay	316	11,531		11,847
Total Cash Disbursements	<u>101,768</u>	<u>234,478</u>	<u>76,181</u>	<u>412,427</u>
Total Receipts Over/(Under) Disbursements	<u>641</u>	<u>10,014</u>	<u>(11,016)</u>	<u>(361)</u>
Fund Cash Balances, January 1	<u>143,926</u>	<u>258,560</u>	<u>11,577</u>	<u>414,063</u>
Fund Cash Balances, December 31	<u>\$144,567</u>	<u>\$268,574</u>	<u>\$561</u>	<u>\$413,702</u>

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

HANOVER TOWNSHIP
COLUMBIANA COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	\$133
Total Operating Cash Receipts	<u>133</u>
Operating Cash Disbursements:	
Supplies and Materials	<u>30</u>
Total Operating Cash Disbursements	<u>30</u>
Operating Income	<u>103</u>
Fund Cash Balances, January 1	<u>9,981</u>
Fund Cash Balances, December 31	<u><u>\$10,084</u></u>

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

**HANOVER TOWNSHIP
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$30,701	\$136,698	\$43,500	\$210,899
Intergovernmental	70,079	96,421		166,500
Special Assessments		7,675		7,675
Licenses, Permits and Fees	0	6,880		6,880
Interest	4,584	1,185		5,769
Other Revenue	3,229	14,629		17,858
	<u>108,593</u>	<u>263,488</u>	<u>43,500</u>	<u>415,581</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	96,860			96,860
Public Safety		37,003		37,003
Public Works		201,640		201,640
Health	5,343	13,574		18,917
Conservation - Recreation	2,941			2,941
Debt Service:				
Redemption of Principal			41,321	41,321
Interest and Fiscal Charges			4,274	4,274
Capital Outlay	759	177,459		178,218
	<u>105,903</u>	<u>429,676</u>	<u>45,595</u>	<u>581,174</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>2,690</u>	<u>(166,188)</u>	<u>(2,095)</u>	<u>(165,593)</u>
Other Financing Receipts:				
Sale of Notes		130,806		130,806
Transfers-In			13,000	13,000
Transfers-Out		(13,000)		(13,000)
	<u>0</u>	<u>117,806</u>	<u>13,000</u>	<u>130,806</u>
Total Other Financing Receipts				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>2,690</u>	<u>(48,382)</u>	<u>10,905</u>	<u>(34,787)</u>
Fund Cash Balances, January 1	<u>141,236</u>	<u>306,942</u>	<u>672</u>	<u>448,850</u>
Fund Cash Balances, December 31	<u><u>\$143,926</u></u>	<u><u>\$258,560</u></u>	<u><u>\$11,577</u></u>	<u><u>\$414,063</u></u>

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

HANOVER TOWNSHIP
COLUMBIANA COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$136</u>
Total Operating Cash Receipts	<u>136</u>
Operating Cash Disbursements:	
Supplies and Materials	<u>77</u>
Total Operating Cash Disbursements	<u>77</u>
Operating Income	<u>59</u>
Fund Cash Balances, January 1	<u>9,922</u>
Fund Cash Balances, December 31	<u><u>\$9,981</u></u>

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

**HANOVER TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Hanover Township, Columbiana County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three member Board of Trustees. The Township provides general governmental services including road and bridge maintenance, and cemetery maintenance. The Township contracts with the Columbiana County Sheriff's department to provide security of persons and property. The Township contracts with the Hanover Township Volunteer Fire Association and the North Georgetown Volunteer Fire Company to provide fire protection services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

Certificates of Deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

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

**HANOVER TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

Road and Bridge Fund - This fund receives property tax money restricted to constructing, maintaining and repairing roads and bridges within the Township.

Gasoline Tax Fund – This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Fire District Fund – This fund receives property tax money to operating a fire department.

Road District Fund – This fund receives property money to repair and maintain roads.

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The General Bond (Note) Retirement Fund accounts for the retirement of the general obligation notes.

4. Fiduciary Funds (Nonexpendable Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary funds:

Cemetery Bequest Funds – These funds are nonexpendable trust funds that utilize interest revenues for the upkeep and maintenance of the cemetery. The principal must remain intact.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**HANOVER TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. 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 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2001</u>	<u>2000</u>
Demand deposits	\$422,786	\$423,044
Certificates of deposit	1,000	1,000
Total deposits	<u>\$423,786</u>	<u>\$424,044</u>

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

**HANOVER TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$102,409	\$102,409	\$0
Special Revenue	244,492	244,492	0
Debt Service	65,165	65,165	0
Fiduciary	133	133	0
Total	\$412,199	\$412,199	\$0

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$246,335	\$101,768	\$144,567
Special Revenue	503,052	234,478	268,574
Debt Service	76,742	76,181	561
Fiduciary	5,413	30	5,383
Total	\$831,542	\$412,457	\$419,085

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$108,593	\$108,593	\$0
Special Revenue	394,294	394,294	0
Debt Service	56,500	56,500	0
Fiduciary	136	136	0
Total	\$559,523	\$559,523	\$0

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$249,829	\$105,903	\$143,926
Special Revenue	701,237	442,676	258,561
Debt Service	57,172	45,595	11,577
Fiduciary	5,358	77	5,281
Total	\$1,013,596	\$594,251	\$419,345

**HANOVER TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. PROPERTY TAX

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

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

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

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Note - Tractor	\$16,803	5.18%
General Obligation Note - Firetruck	87,204	5.00%
Total	\$104,007	

The General Obligation Notes were issued in 1999 and 2000, respectively, to finance the purchases of a tractor for \$38,005 and a fire truck for \$130,806, both to be used within the Township. The note issued for the tractor will be repaid in three annual installments of \$10,601, plus interest, with a forth payment of \$6,202, plus interest, due in 2003; The note issued for the fire truck will be repaid in two annual principal payments of \$43,602, with a final payment of \$45,812, including interest, due in 2003.

The General Obligation Notes are collateralized by the Tractor and fire truck, respectively.

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

	General Obligation Note Tractor	General Obligation Note Firetruck
Year ending December 31:		
2002	11,471	49,997
2003	6,523	45,812
Total	\$17,994	\$95,809

**HANOVER TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their wages. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance from the Personal Service Insurance Company for the following risks:

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



**STATE OF OHIO
OFFICE OF THE AUDITOR**

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

Hanover Township
Columbiana County
30658 State Route 172
East Rochester, Ohio 44625

To the Board of Trustees:

We have audited the accompanying financial statements of Hanover Township (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 13, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 13, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 13, 2002.

Hanover Township
Columbiana County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and "P".

Jim Petro
Auditor of State

May 13, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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HANOVER TOWNSHIP

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 25, 2002**