

***HANOVER TOWNSHIP
LICKING COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2005 & 2006

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Hanover Township
18088 Crawmer Road SE
Heath, Ohio 43056

We have reviewed the *Report of Independent Accountants* of Hanover Township, Licking County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2005 through December 31, 2006. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 26, 2008

This Page is Intentionally Left Blank.

**HANOVER TOWNSHIP
LICKING COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2005 & 2006**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Report of Independent Accountants	1-2
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Fund Types - For the Year Ended December 31, 2005	4
Notes to the Financial Statements	5-13
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Required by <i>Government Auditing Standards</i>	14-15
Schedule of Findings	16
Schedule of Prior Audit Findings	17

Rockefeller Building
614 W Superior Ave Ste1242
Cleveland OH 44113-1306

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

Phone - (216) 575-1630
Fax - (216) 436-2411

REPORT OF INDEPENDENT ACCOUNTANTS

Hanover Township
Licking County
18088 Crawmer Road SE
Heath, Ohio 43056

To the Board of Trustees:

We have audited the accompanying financial statements of Hanover Township, Licking County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2006. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 & 2006. Instead of the combined funds the accompanying financial statements present for 2005 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2006. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2006, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2005 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Hanover Township, Licking County, as of December 31, 2005 and 2006, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2006. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2008, 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, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Charles E. Harris & Associates, Inc.

January 15, 2008

HANOVER TOWNSHIP
LICKING COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2006

	Governmental Fund Types				Total Memorandum Only
	General	Special Revenue	Capital Projects	Permanent	
Receipts:					
Property and Local Taxes	\$ 32,659	\$ 202,803	-	-	\$ 235,462
Licenses, Permits, and Fees	5,910	-	-	-	5,910
Intergovernmental	261,544	120,792	-	-	382,336
Earnings on Investments	14,120	11,557	-	\$ 172	25,849
Miscellaneous	950	6,500	-	-	7,450
Total Receipts	315,183	341,652	-	172	657,007
Disbursements:					
General Government	103,840	-	-	-	103,840
Public Safety	-	115,607	-	-	115,607
Public Works	51,140	280,351	-	-	331,491
Health	6,672	16,800	-	-	23,472
Capital Outlay	661	2,500	-	-	3,161
Total Disbursements	162,313	415,258	-	-	577,571
Total Receipts Over/(Under) Disbursements	152,870	(73,606)	-	172	79,436
Other Financing Sources/(Uses):					
Transfers-In	-	150,100	-	-	150,100
Transfers-Out	(150,100)	-	-	-	(150,100)
Total Other Financing Sources/(Uses)	(150,100)	150,100	-	-	-
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	2,770	76,494	-	172	79,436
Fund Cash Balance, January 1, 2006	563,533	178,503	\$ 4,197	3,556	749,789
Fund Cash Balance, December 31, 2006	\$ 566,303	\$ 254,997	\$ 4,197	\$ 3,728	\$ 829,225
Encumbrances, December 31, 2006	\$ 555	\$ 768	\$ -	\$ -	\$ 1,323

See Accompanying Notes to the Financial Statements.

HANOVER TOWNSHIP
LICKING COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental and Fiduciary Fund Types
For the Year Ended December 31, 2005

	Governmental Fund Types			Fiduciary Fund Type	Total Memorandum Only
	General	Special Revenue	Capital Projects	Nonexpendable Trust	
Receipts:					
Property and Local Taxes	\$ 29,648	\$ 195,632	-	-	\$ 225,280
Licenses, Permits, and Fees	8,489	-	-	-	8,489
Intergovernmental	211,212	102,835	-	-	314,047
Earnings on Investments	9,604	3,563	-	\$ 169	13,336
Miscellaneous	-	13,559	-	-	13,559
Total Receipts	258,953	315,589	-	169	574,711
Disbursements:					
General Government	160,031	-	-	-	160,031
Public Safety	666	115,361	-	-	116,027
Public Works	-	234,122	-	-	234,122
Health	8,225	14,253	-	-	22,478
Total Disbursements	168,922	363,736	-	-	532,658
Excess of Receipts Over/(Under)					
Disbursements and Other Uses	90,031	(48,147)	-	169	42,053
Fund Cash Balance, January 1, 2005	473,502	226,650	\$ 4,197	3,387	707,736
Fund Cash Balance, December 31, 2005	\$ 563,533	\$ 178,503	\$ 4,197	\$ 3,556	\$ 749,789
Encumbrances, December 31, 2005	\$ 555	\$ 768	\$ -	\$ -	\$ 1,323

See Accompanying Notes to the Financial Statements.

HANOVER TOWNSHIP
LICKING COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Hanover Township, Licking County (the Township) is a body corporate and politic established for the purpose of exercising 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 road and bridge maintenance and cemetery maintenance. The Township contracts with the Hanover Volunteer Fire Department for fire protection and emergency medical services.

The Township's management believes these financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

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

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

C. CASH

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

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of

HANOVER TOWNSHIP
LICKING COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

- Gasoline Tax Fund - This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.
- Road and Bridge Fund – This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.
- Fire Levy Fund – This fund receives property tax money, grants, and fees to pay for fire protection services.

Capital Projects: This fund is used to account for resources to be used for the acquisition or construction of capital assets. The Township has the following significant Capital Projects Fund:

- Public Works Projects – This fund accounts for the acquisition and construction of capital assets for the Township.

Permanent Funds: These funds are used to account for resources restricted by legally binding trust agreements. The Permanent Fund was reclassified from a Fiduciary – Non-Expendable Trust Fund in 2006. The Township had the following significant Permanent Fund:

HANOVER TOWNSHIP
LICKING COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

- Cemetery - This fund accounts for resources restricted by a legally binding trust agreement. The agreement requires the Township to maintain cemetery plots. The principal portion of the trusts may not be used.

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Township Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The certificate is approved by the county budget commission and sent to the Township Clerk by September 1.

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Clerk identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2006 and 2005. However, those fund balances are available for appropriation.

HANOVER TOWNSHIP
LICKING COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

3. Encumbrances

The Township is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated.

F. PROPERTY, PLANT AND EQUIPMENT

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

G. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

**HANOVER TOWNSHIP
LICKING COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2006**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS- (Continued)

	2006	2005
Demand deposit	\$ 826,160	\$ 746,724
Certificates of deposit	3,065	3,065
Total deposits	\$ 829,225	\$ 749,789

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

3. 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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**HANOVER TOWNSHIP
LICKING COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2006**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2006 follows:

2006 Budgeted vs Actual Budgetary Basis Expenditures			
Funds	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 760,982	\$ 312,968	\$ 448,014
Special Revenue	494,216	416,026	78,190
Capital Projects	4,104	-	4,104
Permanent	-	-	-
Total	<u>\$ 1,259,302</u>	<u>\$ 728,994</u>	<u>\$ 530,308</u>

2005 Budgeted vs Actual Budgetary Basis Expenditures			
Funds	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 371,337	\$ 169,477	\$ 201,860
Special Revenue	474,687	364,504	110,183
Capital Projects	1	-	1
Non-Expendable Trust	-	-	-
Total	<u>\$ 846,025</u>	<u>\$ 533,981</u>	<u>\$ 312,044</u>

2006 Budgeted vs Actual Receipts			
Funds	Budgeted Receipts	Actual Receipts	Variance
General	\$ 243,531	\$ 315,355	\$ 71,824
Special Revenue	301,065	491,752	190,687
Permanent	154	-	(154)
Total	<u>\$ 544,750</u>	<u>\$ 807,107</u>	<u>\$ 262,357</u>

**HANOVER TOWNSHIP
LICKING COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2006**

4. BUDGETARY ACTIVITY - (Continued)

2005 Budgeted vs Actual Receipts			
Funds	Budgeted Receipts	Actual Receipts	Variance
General	\$ 240,380	\$ 259,519	\$ 19,139
Special Revenue	288,369	315,192	26,823
Non-Expendable Trust	153	-	(153)
Total	<u>\$ 528,902</u>	<u>\$ 574,711</u>	<u>\$ 45,809</u>

5. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries and the Township contributed an amount equaling 13.7% and 13.55%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

6. RISK MANAGEMENT

RISK POOL MEMBERSHIP

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), a nonassessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

**HANOVER TOWNSHIP
LICKING COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2006**

6. RISK MANAGEMENT - (Continued)

RISK POOL MEMBERSHIP - (Continued)

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

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

	2006	2005
Assets	\$ 9,620,148	\$ 8,219,430
Liabilities	(3,329,620)	(2,748,639)
Member's Equity	\$ 6,290,528	\$ 5,470,791

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been significant reductions in insurance coverage from last year.

The Township's pays the State Workers Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

7. INTERFUND TRANSFERS

Transfers were in accordance with budgetary authorizations and Ohio Revised Code provisions.

**HANOVER TOWNSHIP
LICKING COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2006**

8. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland, OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

**Hanover Township
Licking County
18088 Crawmer Road SE
Heath, Ohio 43056**

To the Board of Trustees:

We have audited the financial statements of Hanover Township, Licking County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2006, and have issued our report thereon dated January 15, 2008, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the accounting practices prescribed or permitted by the Auditor of State of Ohio such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

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

Compliance and Other Matters

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, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2006-01.

We also noted certain matters that we have reported to management of the Township in a separate letter dated January 15, 2008.

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

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

Charles E. Harris and Associates, Inc.

January 15, 2008

HANOVER TOWNSHIP
 LICKING COUNTY, OHIO
 SCHEDULE OF FINDINGS
 DECEMBER 31, 2006 AND 2005

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

Finding Number: 2006-01 – Noncompliance Citation

Appropriations Exceeded Estimated Resources

Ohio Revised Code Section 5705.39 states, in part, that "... The total appropriations from each fund shall not exceed the total of the estimated resources available for expenditure therefrom, as certified by the budget commission..." Contrary to this requirement, the appropriations exceeded the available resources for the following funds in 2006 and 2005:

2006			
Fund	Estimated Resources	Appropriations	Variance
Special Revenue - Road and Bridge	\$ 148,249	\$ 224,603	\$ (76,354)
Special Revenue - Cemetery	16,707	25,203	(8,496)
Special Revenue - Fire Levy	119,504	122,609	(3,105)

2005			
Fund	Estimated Resources	Appropriations	Variance
Special Revenue - Fire Levy	\$ 116,379	\$ 120,782	\$ (4,403)

We recommend the prior to the Board authorizing the original appropriations or approving any amendments, the Board compare proposed appropriations to the Certificate of Estimated Resources to ensure they are within estimated resources.

The Township agrees and will monitor budgetary activity more closely.

**HANOVER TOWNSHIP
LICKING COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, as of December 31, 2004 and 2003 reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

HANOVER TOWNSHIP

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 11, 2008**