



**DOVER TOWNSHIP
TUSCARAWAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003



**Auditor of State
Betty Montgomery**

**DOVER TOWNSHIP
TUSCARAWAS COUNTY**

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**Auditor of State
Betty Montgomery**

Dover Township
Tuscarawas County
2201 Progress Street
Dover, Ohio 44622

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

May 9, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Dover Township
Tuscarawas County
2201 Progress Street
Dover, Ohio 44622

To the Board of Trustees:

We have audited the accompanying financial statements of Dover Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio government. We believe 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 year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 and 2003, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 this 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.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 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, 2004, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Dover Township, Tuscarawas County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements 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 year ended December 31, 2004. 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 May 9, 2005, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

May 9, 2005

**DOVER TOWNSHIP
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$41,150	\$402,643	\$443,793
Intergovernmental	163,590	124,860	288,450
Rentals	24,165		24,165
Licenses, Permits, and Fees		138,873	138,873
Earnings on Investments	5,195	255	5,450
Other Revenue	1,359	9,041	10,400
	<u>235,459</u>	<u>675,672</u>	<u>911,131</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	149,275	6,381	155,656
Public Safety		101,548	101,548
Public Works		395,603	395,603
Health	2,400	95,876	98,276
Capital Outlay			
Debt Service:			
Redemption of Principal	7,518	51,862	59,380
Interest	931	6,459	7,390
	<u>160,124</u>	<u>657,729</u>	<u>817,853</u>
Total Cash Disbursements			
Total Receipts Over Disbursements	<u>75,335</u>	<u>17,943</u>	<u>93,278</u>
Other Financing Receipts/(Disbursements)			
Transfers-In		5,000	5,000
Transfers-Out	(5,000)		(5,000)
Sale of Fixed Assets		61,000	61,000
Other Financing Sources	1,189		1,189
Other Financing Uses	(9,508)		(9,508)
	<u>(13,319)</u>	<u>66,000</u>	<u>52,681</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	62,016	83,943	145,959
Fund Cash Balances, January 1	<u>56,874</u>	<u>253,963</u>	<u>310,837</u>
Fund Cash Balances, December 31	<u>\$118,890</u>	<u>\$337,906</u>	<u>\$456,796</u>

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

**DOVER TOWNSHIP
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$40,219	\$393,124	\$433,343
Intergovernmental	120,756	107,760	228,516
Licenses, Permits, and Fees		69,728	69,728
Earnings on Investments	3,325	131	3,456
Other Revenue	169	4,364	4,533
Rentals	23,411		23,411
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	187,880	575,107	762,987
Cash Disbursements:			
Current:			
General Government	150,370	6,009	156,379
Public Safety		91,180	91,180
Public Works		359,146	359,146
Health	6,644	186,729	193,373
Capital Outlay			
Debt Service:			
Redemption of Principal	7,047	49,328	56,375
Interest	1,402	9,819	11,221
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	165,463	702,211	867,674
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	22,417	(127,104)	(104,687)
Other Financing Receipts/(Disbursements)			
Transfers-In		5,000	5,000
Transfers-Out	(5,000)		(5,000)
Other Sources	136		136
Other Uses	(10,528)		(10,528)
Sale of Fixed Assets		45,000	45,000
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(15,392)	50,000	34,608
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	7,025	(77,104)	(70,079)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	49,849	331,067	380,916
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>
	\$56,874	\$253,963	\$310,837

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

**DOVER TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Dover Township, Tuscarawas County, Ohio (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. The Township contracts with the City of Dover to provide fire and emergency medical 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the Auditor of State's accounting basis requires.

C. Cash

Certificate of deposits are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate resources 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 Funds

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 has the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Fire District Fund - This fund receives is used to account for ambulance and fire levy receipts used to provide fire, rescue and emergency medical services for Township residents.

**DOVER TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve the appropriation measure and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered 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.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did not use the encumbrance method of accounting.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH

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

	<u>2004</u>	<u>2003</u>
Demand Deposits	(\$38,204)	(\$59,163)
Certificates of deposit	<u>495,000</u>	<u>370,000</u>
Total deposits	<u><u>\$456,796</u></u>	<u><u>\$310,837</u></u>

**DOVER TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$184,246	\$236,648	\$52,402
Special Revenue	637,301	741,672	104,371
Total	\$821,547	\$978,320	\$156,773

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$241,120	\$174,632	\$66,488
Special Revenue	891,264	657,729	233,535
Total	\$1,132,384	\$832,361	\$300,023

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$195,532	\$188,016	(\$7,516)
Special Revenue	572,825	625,107	52,282
Total	\$768,357	\$813,123	\$44,766

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$245,382	\$180,991	\$64,391
Special Revenue	903,892	702,211	201,681
Total	\$1,149,274	\$883,202	\$266,072

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding 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.

**DOVER TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

4. PROPERTY TAX (Continued)

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.

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$148,646	3.50%

The general obligation notes were originally issued in 1999 to finance the purchase of a new Township building. The notes were reissued in 2004. The notes are collateralized solely by the Township's taxing authority.

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

Year ending December 31:	General Obligation Notes
2005	\$66,384
2006	66,384
2007	22,180
Total	\$154,948

6. RETIREMENT SYSTEM

The Township contributes to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equal to 13.55 percent of participants' gross salaries for 2004 and 2003. The Township has paid all contributions required through December 31, 2004 and 2003.

**DOVER TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

8. JOINTLY GOVERNED ORGANIZATION

The Township is associated with the Tuscarawas County Regional Planning Commission as a Jointly Governed Organization. The Commission is a statutorily created political subdivision of the State. The Commission is jointly governed among Tuscarawas County municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and Governmental characteristics, functions and services of the county. The Township contributed \$493 and \$449 in 2004 and 2003, respectively, to the Regional Planning Commission.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY TOWNSHIP AUDITING STANDARDS

Dover Township
Tuscarawas County
2201 Progress Street
Dover, Ohio 44622

To the Board of Trustees:

We have audited the financial statements of the Dover Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated May 9, 2005, 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 the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated May 9, 2005, we reported a matter involving internal control over financial reporting which we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2004-001.

In a separate letter to the Township's management dated May 9, 2005, we reported another matter related to noncompliance we deemed immaterial.

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Dover Township
Tuscarawas County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 9, 2005

**DOVER TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2004-001

Finding for Recovery Repaid Under Audit

Ohio Rev. Code Section 505.60 (A) states the board of township trustees of any township may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees. Section 505.60 outlines the provision of group coverage and allowable reimbursements should an officer or employee be denied coverage or elect not to participate in the group health care plan.

The Township passed an insurance resolution in December 2003 stating they would reimburse health care premiums for John Miceli, Trustee. During 2004, John Miceli, Trustee, declined the group health care plan offered by the Township and received reimbursement for his wife's insurance through her employer. The reimbursement was for health care coverage of \$610 per month. However, the Township's December 2003 resolution provides reimbursement for out-of-pocket premiums and Mrs. Miceli's insurance premiums were paid 100% by her employer. Mr. Miceli was reimbursed for premiums for twelve monthly payments for a total of \$7,320.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code 117.28, a Finding for Recovery for public money illegally expended is hereby issued against John Miceli, Township Trustee, and the Ohio Farmers Insurance Company, his bonding company, jointly and severally, in the amount of \$7,320 in favor of the General Fund.

On June 21, 2005, John Miceli paid the finding for recovery in full to Dover Township (check no. 1005) and it was subsequently deposited and recorded by the Township on June 22, 2005 (receipt no. 95-2005).



**Auditor of State
Betty Montgomery**

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**DOVER TOWNSHIP
TUSCARAWAS COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 14, 2005**