



**DOVER TOWNSHIP  
TUSCARAWAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2006-2005**



**Mary Taylor, CPA**  
Auditor of State



**DOVER TOWNSHIP  
TUSCARAWAS COUNTY**

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# Mary Taylor, CPA

## Auditor of State

### 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 the governmental activities, each major fund, and the aggregate remaining fund information of Dover Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dover Township, Tuscarawas County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund (2005 only), Road and Bridge Fund, and Fire District Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2006 and 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2007, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 11, 2007

Dover Township, Tuscarawas County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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This discussion and analysis of Dover Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

### **Highlights**

Key highlights for 2006 are as follows:

Net assets of the Township activities increased \$128,156, or 23 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Fire District Fund, which gained \$72,727 over the prior end-of-year. The General Fund also showed a modest gain of \$46,408. The main reasons for the increase would be a large revenue year for Estate Tax in to the General Fund, and a buildup of funds in the Fire District Fund to allow for future equipment and possible land purchases.

The Township's general receipts are primarily property taxes. These receipts represent 76 percent of the total cash received for governmental activities during the year. Property tax receipts for 2006 increased slightly compared to 2005 as development within the Township has continued.

Dover Township has only a debt balance of \$22,539 remaining on the Progress Street building purchase. This debt will be retired in April of 2007, and the \$5,545 monthly payment will be able to be applied toward other needs of the Township.

Key highlights for 2005 are as follows:

Net assets of the Township activities increased \$107,705 or 19 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which gained \$52,973 over the prior end-of-year. The Fire District Fund also showed a modest gain of \$38,879.

The Township's general receipts are primarily property taxes. These receipts represent 57 percent of the total cash received for governmental activities during the year. Property tax receipts for 2005 increased slightly compared to 2004 as development within the Township has continued.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

### **Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Dover Township, Tuscarawas County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non financial factors as well such as the Township's property tax base, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the governmental activities include the Township's programs and services, including general government services, fire and ambulance protection and road and bridge maintenance. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are as follows: General Fund, Gasoline Tax Fund (2005 only), Road and Bridge Fund, and Fire District Fund.



Dover Township, Tuscarawas County  
 Management's Discussion and Analysis  
 For the Years Ended December 31, 2006 and 2005  
 Unaudited

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**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a cash basis:

Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data was not presented for 2004. In future years, when prior information is available a comparative analysis will be presented for three years.

(Table 1)

**Net Assets**

	Governmental Activities	
	2006	2005
<b>Assets</b>		
Cash and Cash Equivalents	\$692,657	\$564,501
<b>Net Assets</b>		
Restricted for:		
Capital Outlay		\$44,372
Other Purposes	\$474,385	348,265
Unrestricted	218,272	171,864
Total Net Assets	\$692,657	\$564,501

As mentioned previously, net assets of governmental activities increased \$128,156 or 23 percent during 2006. The primary reason contributing to the increase in cash balances is as follows:

- Controlled spending on equipment purchases.
- Over \$100,000 collected in Estate Tax for 2006
- Buildup of funds in Fire District Fund for future equipment, land or building purchases.

Net assets of governmental activities increased \$107,705 or 19 percent during 2005. The primary reason contributing to the increase in cash balances is as follows:

- Controlled spending on equipment purchases.
- Limited road improvement program for 2005
- Dover Township received a FEMA allocation of \$44,372 to cover flood damage/road slips.

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005 for governmental activities.

Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data was not presented for 2004. In future years, when prior information is available a comparative analysis will be presented for three years.

Dover Township, Tuscarawas County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

(Table 2)  
**Changes in Net Assets**

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$87,750	\$102,570
Operating Grants and Contributions	110,461	182,373
Total Program Receipts	198,211	284,943
General Receipts:		
Property and Other Local Taxes	499,179	472,523
Estate Tax	104,359	
Grants and Entitlements Not Restricted to Specific Programs	140,043	132,922
Interest	31,564	16,388
Sale of Capital Assets	42,250	
Miscellaneous	28,041	40,230
Total General Receipts	845,436	662,063
Total Receipts	1,043,647	947,006
Disbursements:		
General Government	155,793	159,842
Public Safety	98,447	104,151
Public Works	446,373	450,711
Health	4,399	6,467
Other		812
Capital Outlay	144,096	50,927
Principal Retirement	64,170	61,943
Interest and Fiscal Charges	2,213	4,448
Total Disbursements	915,491	839,301
Net Assets, January 1	564,501	456,796
Net Assets, December 31	\$692,657	\$564,501

In 2006 and 2005, program receipts represent 20 percent and 30 percent of total receipts, respectively, and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and building permits and inspection fees.

In 2006, general receipts represent 80 percent of the Township's total receipts, and of this amount, over 59 percent are property taxes. State grants and entitlements make up the balance of the Township's general receipts (40 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

In 2005, general receipts represent 70 percent of the Township's total receipts, and of this amount, over 71 percent are property taxes. State grants and entitlements make up the balance of the Township's

Dover Township, Tuscarawas County  
Management's Discussion and Analysis  
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Unaudited

In 2006 and 2005, disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the costs of the Fiscal Officer and trustees as well as internal services such as payroll and purchasing.

Disbursements for Public Safety are the costs of providing fire and ambulance services to the Township's residents.

Disbursements for Public Works are the costs of constructing, maintaining, and repairing Township roads and bridges.

Disbursements for Capital Outlay are the costs of repairing Township roads.

**Governmental Activities**

If you look at the Statement of Activities on pages 10 and 17, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities in 2006 and 2005 are for Public Works, which account for 49 percent and 60 percent, respectively, of all governmental disbursements. General government also represents a significant cost, about 17 and 19 percent for 2006 and 2005, respectively. The next two columns of the Statement Entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data was not presented for 2004. In future years, when prior information is available a comparative analysis will be presented for three years.

(Table 3)

**Governmental Activities**

	Total Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2006	Net Cost of Services 2005
General Government	\$155,793	\$159,842	(\$68,043)	(\$159,842)
Public Safety	98,447	104,151	(98,447)	(1,581)
Public Works	446,373	450,711	(335,912)	(268,338)
Health	4,399	6,467	(4,399)	(6,467)
Other		812		(812)
Capital Outlay	144,096	50,927	(144,096)	(50,927)
Principal/Interest Retirement	66,383	66,391	(66,383)	(66,391)
<b>Total</b>	<b>\$915,491</b>	<b>\$839,301</b>	<b>(\$717,280)</b>	<b>(\$554,358)</b>

The dependence upon property tax receipts is apparent as over 54 and 56 percent of governmental activities are supported through these general receipts for 2006 and 2005, respectively.

Dover Township, Tuscarawas County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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**The Township's Funds**

In 2006, total governmental funds had receipts and other financing sources of \$1,055,749 and disbursements and other financing uses of \$927,593. The greatest change within governmental funds occurred within the Fire District Fund. The fund balance of the Fire District Fund increased \$72,727. The increase is a result of less capital outlay expenditures in 2006 compared to 2005.

In 2005, total governmental funds had receipts and other financing sources of \$951,506 and disbursements and other financing uses of \$843,801. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$52,973 as the result of a prior year finding for recovery that was repaid in 2005.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2006 and 2005, the Township did not amend its General Fund budget to reflect changing circumstances. Actual receipts exceeded budgeted receipts for both years with the most significant variance occurring in 2006 as a result of the Township receiving roughly \$104,000 in unexpected estate tax.

In 2006, final disbursements were budgeted at \$384,433 while actual disbursements were \$257,055 because the Township over estimated General Government Expenditures by \$102,832 which makes up a majority of the difference.

In 2005, final disbursements were budgeted at \$310,069 while actual disbursements were \$173,610 because the Township over estimated General Government and Other Financing Uses expenditures by \$119,333 which makes up a majority of the difference.

**Debt Administration**

At December 31, 2006, the Township's outstanding debt was \$22,539. This represents the outstanding balance of the note for the purchase of the Dover Township building at 2201 Progress St., Dover, Ohio. For further information regarding the Township's debt, refer to Note 10 to the basic financial statements.

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. As tax revenues fail to keep up with increased expenses, it is the hope that the services that the Township provides will not decrease in quality or quantity. Dover Township has been fortunate to have a solid tax base historically. The threat of annexation and the decrease in state funding are the potential threats to that base. At this time, the Township does not anticipate going to the taxpayers to ask for additional monies.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Drew Yosick, Fiscal Officer, Dover Township, 2201 Progress Street, Dover, Ohio 44622, telephone 330-343-6413.

**DOVER TOWNSHIP  
TUSCARAWAS COUNTY**

Statement of Net Assets - Cash Basis  
December 31, 2006

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$692,657</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$474,385
Unrestricted	<u>218,272</u>
<i>Total Net Assets</i>	<u>\$692,657</u>

See accompanying notes to the basic financial statements.

**DOVER TOWNSHIP  
TUSCARAWAS COUNTY**

Statement of Activities - Cash Basis  
For the Year Ended December 31, 2006

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental Activities</b>			
General Government	\$155,793		(155,793)
Public Safety	98,447		(98,447)
Public Works	446,373	\$87,750	(248,162)
Health	4,399		(4,399)
Capital Outlay	144,096		(144,096)
Debt Service:			
Principal	64,170		(64,170)
Interest	2,213		(2,213)
<b>Total Governmental Activities</b>	<b>\$915,491</b>	<b>\$87,750</b>	<b>(717,280)</b>
		<b>General Receipts</b>	
		Property Taxes Levied for General Purposes	499,179
		Grants and Entitlements not Restricted to Specific Programs	140,043
		Estate Tax	104,359
		Interest	31,564
		Sale of Capital Assets	42,250
		Miscellaneous	28,041
		<b>Total General Receipts</b>	<b>845,436</b>
		Change in Net Assets	128,156
		<i>Net Assets Beginning of Year</i>	<b>564,501</b>
		<i>Net Assets End of Year</i>	<b>\$692,657</b>

See accompanying notes to the basic financial statements.

**DOVER TOWNSHIP  
TUSCARAWAS COUNTY**

Statement of Cash Basis Assets and Fund Balances  
Governmental Funds

	General	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$218,272	\$122,795	\$314,010	\$37,580	\$692,657
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances				\$3,377	\$3,377
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	\$218,272				218,272
Special Revenue Funds		\$122,795	\$314,010	34,203	471,008
<i>Total Fund Balances</i>	<u>\$218,272</u>	<u>\$122,795</u>	<u>\$314,010</u>	<u>\$37,580</u>	<u>\$692,657</u>

See accompanying notes to the basic financial statements.

**DOVER TOWNSHIP  
TUSCARAWAS COUNTY**

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2006

	General	Road And Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$47,189	\$286,487	\$165,503		\$499,179
Intergovernmental	210,291	23,241	10,870	\$110,461	354,863
Licenses, Permits and Fees		87,208			87,208
Interest	30,132			1,432	31,564
Other	15,309	9,551	1,801	1,380	28,041
<i>Total Receipts</i>	<u>302,921</u>	<u>406,487</u>	<u>178,174</u>	<u>113,273</u>	<u>1,000,855</u>
<b>Disbursements</b>					
Current:					
General Government	148,957			6,836	155,793
Public Safety			98,447		98,447
Public Works		311,645		134,728	446,373
Health	4,399				4,399
Capital Outlay	37,954	105,780	362		144,096
Debt Service:					
Principal	57,753		6,417		64,170
Interest	1,992		221		2,213
<i>Total Disbursements</i>	<u>251,055</u>	<u>417,425</u>	<u>105,447</u>	<u>141,564</u>	<u>915,491</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>51,866</u>	<u>(10,938)</u>	<u>72,727</u>	<u>(28,291)</u>	<u>85,364</u>
<b>Other Financing Sources (Uses)</b>					
Other Financing Sources	542				542
Sale of Capital Assets		42,250			42,250
Transfers In		6,102		6,000	12,102
Transfers Out	(6,000)			(6,102)	(12,102)
<i>Total Other Financing Sources (Uses)</i>	<u>(5,458)</u>	<u>48,352</u>	<u>0</u>	<u>(102)</u>	<u>42,792</u>
<i>Net Change in Fund Balances</i>	46,408	37,414	72,727	(28,393)	128,156
<i>Fund Balances Beginning of Year</i>	<u>171,864</u>	<u>85,381</u>	<u>241,283</u>	<u>65,973</u>	<u>564,501</u>
<i>Fund Balances End of Year</i>	<u>\$218,272</u>	<u>\$122,795</u>	<u>\$314,010</u>	<u>\$37,580</u>	<u>\$692,657</u>

See accompanying notes to the basic financial statements.



**DOVER TOWNSHIP  
TUSCARAWAS COUNTY**

Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$45,400	\$45,400	\$47,189	\$1,789
Intergovernmental	120,069	120,069	210,291	90,222
Licenses, Permits and Fees	100	100		(100)
Interest	12,000	12,000	30,132	18,132
Miscellaneous	25,000	25,000	15,309	(9,691)
<i>Total Receipts</i>	<u>202,569</u>	<u>202,569</u>	<u>302,921</u>	<u>100,352</u>
<b>Disbursements</b>				
Current:				
General Government	266,789	251,789	148,957	102,832
Health	7,897	7,897	4,399	3,498
Capital Outlay	29,747	49,747	37,954	11,793
Debt Service:				
Principal	60,000	58,000	57,753	247
Interest	5,000	2,000	1,992	8
<i>Total Disbursements</i>	<u>369,433</u>	<u>369,433</u>	<u>251,055</u>	<u>118,378</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(166,864)	(166,864)	51,866	218,730
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(15,000)	(15,000)	(6,000)	9,000
Other Financing Sources	10,000	10,000	542	(9,458)
<i>Total Other Financing Sources (Uses)</i>	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,458)</u>	<u>(458)</u>
<i>Net Change in Fund Balance</i>	(171,864)	(171,864)	46,408	218,272
<i>Fund Balance Beginning of Year</i>	<u>171,864</u>	<u>171,864</u>	<u>171,864</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$218,272</u>	<u>\$218,272</u>

See accompanying notes to the basic financial statements.

**DOVER TOWNSHIP  
TUSCARAWAS COUNTY**

Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual - Budget Basis  
Road and Bridge Fund  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property Tax	\$270,000	\$270,000	\$286,487	16,487
Intergovernmental	25,000	25,000	23,241	(1,759)
Fines, Licenses and Permits	115,000	115,000	87,208	(27,792)
Miscellaneous	5,830	4,580	9,551	4,971
<i>Total Receipts</i>	415,830	414,580	406,487	(8,093)
<b>Disbursements</b>				
Current:				
Public Works	406,111	406,111	311,645	94,466
Capital Outlay	95,100	136,100	105,780	30,320
<i>Total Disbursements</i>	501,211	542,211	417,425	124,786
<i>Excess of Receipts Over (Under) Disbursements</i>	(85,381)	(127,631)	(10,938)	116,693
<b>Other Financing Sources (Uses)</b>				
Transfers In	100	100	6,102	6,002
Transfers Out	(100)	(100)		100
Sale of Capital Assets		42,250	42,250	0
<i>Total Other Financing Sources (Uses)</i>	0	42,250	48,352	6,102
<i>Net Change in Fund Balance</i>	(85,381)	(85,381)	37,414	122,795
<i>Fund Balance Beginning of Year</i>	85,381	85,381	85,381	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$122,795</u>	<u>\$122,795</u>

See accompanying notes to the basic financial statements.

**DOVER TOWNSHIP  
TUSCARAWAS COUNTY**

Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual - Budget Basis  
Fire District Fund  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$145,000	\$145,000	\$165,503	\$20,503
Intergovernmental	10,000	10,000	10,870	870
Miscellaneous	5,248	5,248	1,801	(3,447)
<i>Total Receipts</i>	160,248	160,248	178,174	17,926
<b>Disbursements</b>				
Current:				
Public Safety	166,000	166,000	98,447	67,553
Capital Outlay	200,000	200,000	362	199,638
Debt Service:				
Principal	30,000	30,000	6,417	23,583
Interest	5,531	5,531	221	5,310
<i>Total Disbursements</i>	401,531	401,531	105,447	296,084
<i>Net Change in Fund Balance</i>	(241,283)	(241,283)	72,727	314,010
<i>Fund Balance Beginning of Year</i>	241,283	241,283	241,283	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$314,010</u>	<u>\$314,010</u>

See accompanying notes to the basic financial statements

**DOVER TOWNSHIP  
TUSCARAWAS COUNTY**

Statement of Net Assets - Cash Basis  
December 31, 2005

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$564,501</u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	44,372
Other Purposes	348,265
Unrestricted	<u>171,864</u>
<i>Total Net Assets</i>	<u>\$564,501</u>

See accompanying notes to the basic financial statements.



**DOVER TOWNSHIP  
TUSCARAWAS COUNTY**

Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2005

	General	Gasoline Tax	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	<u>\$171,864</u>	<u>\$17,515</u>	<u>\$85,381</u>	<u>\$241,283</u>	<u>\$48,458</u>	<u>\$564,501</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances					\$40,532	\$40,532
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$171,864					171,864
Special Revenue Funds		\$17,515	\$85,381	\$241,283	2,734	346,913
Capital Projects Funds					5,192	5,192
<i>Total Fund Balances</i>	<u>\$171,864</u>	<u>\$17,515</u>	<u>\$85,381</u>	<u>\$241,283</u>	<u>\$48,458</u>	<u>\$564,501</u>

See accompanying notes to the basic financial statements.

**DOVER TOWNSHIP  
TUSCARAWAS COUNTY**

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2005

	General	Gasoline Tax	Road And Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$44,658		\$271,707	\$156,158		\$472,523
Intergovernmental	132,923	\$82,158	25,714	12,168	\$62,333	315,296
Licenses, Permits and Fees			102,570			102,570
Interest	15,850	480			58	16,388
Other	33,152		3,368	1,801	1,908	40,229
<i>Total Receipts</i>	<u>226,583</u>	<u>82,638</u>	<u>403,359</u>	<u>170,127</u>	<u>64,299</u>	<u>947,006</u>
<b>Disbursements</b>						
Current:						
General Government	153,457				6,385	159,842
Public Safety				104,151		104,151
Public Works		85,326	349,932		15,453	450,711
Health	6,467					6,467
Capital Outlay			27,150	23,777		50,927
Debt Service:						
Principal	7,812		51,007	3,124		61,943
Interest	562		3,690	196		4,448
<i>Total Disbursements</i>	<u>168,298</u>	<u>85,326</u>	<u>431,779</u>	<u>131,248</u>	<u>21,838</u>	<u>838,489</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>58,285</u>	<u>(2,688)</u>	<u>(28,420)</u>	<u>38,879</u>	<u>42,461</u>	<u>108,517</u>
<b>Other Financing Sources (Uses)</b>						
Other Financing Uses	(812)					(812)
Transfers In					4,500	4,500
Transfers Out	(4,500)					(4,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(5,312)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,500</u>	<u>(812)</u>
<i>Net Change in Fund Balances</i>	52,973	(2,688)	(28,420)	38,879	46,961	107,705
<i>Fund Balances Beginning of Year</i>	<u>118,891</u>	<u>20,203</u>	<u>113,801</u>	<u>202,404</u>	<u>1,497</u>	<u>456,796</u>
<i>Fund Balances End of Year</i>	<u>\$171,864</u>	<u>\$17,515</u>	<u>\$85,381</u>	<u>\$241,283</u>	<u>\$48,458</u>	<u>\$564,501</u>

See accompanying notes to the basic financial statements.

**DOVER TOWNSHIP  
TUSCARAWAS COUNTY**

Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$41,200	\$41,200	\$44,658	\$3,458
Intergovernmental	119,878	119,878	132,923	13,045
Licenses, Permits and Fees	100	100		(100)
Interest	4,000	4,000	15,850	11,850
Miscellaneous	25,000	25,000	33,152	8,152
<i>Total Receipts</i>	<u>190,178</u>	<u>190,178</u>	<u>226,583</u>	<u>36,405</u>
<b>Disbursements</b>				
Current:				
General Government	242,959	242,959	153,457	89,502
Health	7,967	7,967	6,467	1,500
Debt Service:				
Principal	10,000	10,000	7,812	2,188
Interest	3,500	3,500	562	2,938
<i>Total Disbursements</i>	<u>264,426</u>	<u>264,426</u>	<u>168,298</u>	<u>96,128</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(74,248)	(74,248)	58,285	132,533
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(15,000)	(15,000)	(4,500)	10,500
Other Financing Uses	(30,643)	(30,643)	(812)	29,831
Other Financing Sources	1,000	1,000		(1,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(44,643)</u>	<u>(44,643)</u>	<u>(5,312)</u>	<u>39,331</u>
<i>Net Change in Fund Balance</i>	(118,891)	(118,891)	52,973	171,864
<i>Fund Balance Beginning of Year</i>	<u>118,891</u>	<u>118,891</u>	<u>118,891</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$171,864</u>	<u>\$171,864</u>

See accompanying notes to the basic financial statements.



**DOVER TOWNSHIP  
TUSCARAWAS COUNTY**

Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual - Budget Basis  
Gasoline Tax Fund  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$70,800	\$70,800	\$82,158	\$11,358
Interest	200	200	480	280
<i>Total Receipts</i>	71,000	71,000	82,638	11,638
<b>Disbursements</b>				
Current:				
Public Works	91,203	91,203	85,326	5,877
<i>Excess of Receipts Over (Under) Disbursements</i>	(20,203)	(20,203)	(2,688)	17,515
<i>Net Change in Fund Balance</i>	(20,203)	(20,203)	(2,688)	17,515
<i>Fund Balance Beginning of Year</i>	20,203	20,203	20,203	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$17,515	\$17,515

See accompanying notes to the basic financial statements.

**DOVER TOWNSHIP  
TUSCARAWAS COUNTY**

Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual - Budget Basis  
Road and Bridge Fund  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Tax	\$252,000	\$252,000	\$271,707	\$19,707
Intergovernmental	23,700	23,700	25,714	2,014
Fines, Licenses and Permits	122,446	122,446	102,570	(19,876)
Miscellaneous			3,368	3,368
<i>Total Receipts</i>	<u>398,146</u>	<u>398,146</u>	<u>403,359</u>	<u>5,213</u>
<b>Disbursements</b>				
Current:				
Public Works	403,947	403,947	349,932	54,015
Capital Outlay	53,303	53,303	27,150	26,153
Debt Service:				
Principal	51,007	51,007	51,007	0
Interest	3,690	3,690	3,690	0
<i>Total Disbursements</i>	<u>511,947</u>	<u>511,947</u>	<u>431,779</u>	<u>80,168</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(113,801)	(113,801)	(28,420)	85,381
<b>Other Financing Sources (Uses)</b>				
Transfers In	100	100	0	(100)
Transfers Out	(100)	(100)	0	100
<i>Total Other Financing Sources (Uses)</i>	0	0	0	0
<i>Net Change in Fund Balance</i>	(113,801)	(113,801)	(28,420)	85,381
<i>Fund Balance Beginning of Year</i>	<u>113,801</u>	<u>113,801</u>	<u>113,801</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$85,381</u>	<u>\$85,381</u>

See accompanying notes to the basic financial statements.

**DOVER TOWNSHIP  
TUSCARAWAS COUNTY**

Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual - Budget Basis  
Fire District Fund  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$148,000	\$148,000	\$156,158	\$8,158
Intergovernmental	7,400	7,400	12,168	4,768
Miscellaneous	7,210	7,210	1,801	(5,409)
<i>Total Receipts</i>	162,610	162,610	170,127	7,517
<b>Disbursements</b>				
Current:				
Public Safety	166,000	166,000	104,151	61,849
Capital Outlay	100,000	100,000	23,777	76,223
Debt Service:				
Principal	50,000	50,000	3,124	46,876
Interest	49,014	49,014	196	48,818
<i>Total Disbursements</i>	365,014	365,014	131,248	233,766
<i>Net Change in Fund Balance</i>	(202,404)	(202,404)	38,879	241,283
<i>Fund Balance Beginning of Year</i>	202,404	202,404	202,404	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$241,283	\$241,283

See accompanying notes to the basic financial statements.

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Dover Township  
Tuscarawas County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 1 – Reporting Entity**

Dover Township, Tuscarawas County, Ohio (the Township), is a body politic and corporate 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 also has an elected Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services and maintenance of Township roads and bridges. The Township contracts with the City of Dover to provide for fire and emergency medical services.

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

Dover Township has no component units.

**C. Jointly Governed Organization**

The Township participates in the Tuscarawas County Regional Planning Commission as a jointly governed organization. Note 13 to the financial statements provides additional information for this entity.

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

Dover Township  
Tuscarawas County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Township does not report any business-type activities, which are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

**Fund Financial Statements**

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**B. Fund Accounting**

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. All of the Township's funds are categorized as governmental.

Dover Township  
Tuscarawas County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 2 – Summary of Significant Accounting Policies (continued)**

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund (2005 only), Road and Bridge Fund, and the Fire District Fund for 2006 and 2005. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The Gasoline Tax Fund is used to account for gasoline tax money which the Township can only use to pay for constructing, maintaining, and repairing Township roads. The Road and Bridge Fund is used to account for tax money which the Township can only use for constructing, maintaining, and repairing Township roads. The Fire District Fund is used to account for charges for services and disbursements related to fire protection and ambulance runs.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, function, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

Dover Township  
Tuscarawas County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 2 – Summary of Significant Accounting Policies (continued)**

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**E. Cash and Investments**

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

The Township had no investments during 2006 and 2005.

During 2006 and 2005, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts in 2006 were credited to the General Fund in the amount of \$30,132, and other Governmental Funds in the amount of \$1,432. Interest receipts in 2005 were credited to the General Fund in the amount of \$15,850, Gasoline Tax Fund in the amount of \$480, and Other Governmental Funds in the amount of \$58.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township did not report any restricted assets during 2006 or 2005.

**G. Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

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

**I. Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. Accumulated Leave**

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



Dover Township  
Tuscarawas County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road work.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**O. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Change in Basis of Accounting**

During 2004, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. During 2005, the Township has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Dover Township  
Tuscarawas County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund (2005 only), Road and Bridge Fund and Fire District Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). There are no encumbrances outstanding at year end for any of the funds required to present budgetary comparisons for both 2006 and 2005.

**Note 5 – Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

Dover Township  
Tuscarawas County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 5 – Deposits and Investments (continued)**

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2006, \$647,307 of the Township's bank balance of \$747,307 was exposed to custodial credit risk. At year end 2005, \$511,355 of the Township's bank balance of \$611,355 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2006 and 2005, the Township had no investments.

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 and 2005 represent the collection of 2005 and 2004 taxes respectively. Real property taxes received in 2006 and 2005 were levied after October 1, 2005 and 2004, on the assessed values as of January 1, 2005 and 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 and 2005 represent the collection of 2005 and 2004 taxes. Public utility real and tangible personal property taxes received in 2006 and 2005 became a lien on December 31, 2005 and 2004, were levied after October 1, 2005 and 2004 respectively, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Dover Township  
Tuscarawas County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 6 – Property Taxes (continued)**

Tangible personal property tax receipts received in 2006 and 2005 (other than public utility property) represent the collection of 2006 and 2005 taxes. Tangible personal property taxes received in 2006 and 2005 were levied after October 1, 2005 and 2004, on the true value as of December 31, 2005 and 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the years ended December 31, 2006 and 2005, was \$4.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 and 2005 property tax receipts were based are as follows:

Real Property	<b><u>2006</u></b>	<b><u>2005</u></b>
Residential/Agricultural	\$77,747,940	\$76,419,790
Other	12,885,490	11,045,570
Public Utility/Personal Property	<u>4,450,550</u>	<u>4,395,870</u>
Total Assessed Value	<u>\$95,083,980</u>	<u>\$91,861,230</u>

**Note 7 – Risk Management**

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance and vision coverage to full-time employees through a private carrier. There has been no reduction in coverage over the last two years.

**Note 8 – Defined Benefit Pension Plan**

**A. Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

Dover Township  
Tuscarawas County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 8 – Defined Benefit Pension Plan (continued)**

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2006 and 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent and 8.5 percent, respectively, of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 and 2005 was 13.7 percent and 13.55 percent, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$26,373, \$26,724, and \$33,651 respectively. The full amounts have been contributed for 2006, 2005 and 2004.

**Note 9 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 and 2005 local government employer contribution rate was 13.7 percent of covered payroll; 4.50 and 4.0 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 and 2005 which were used to fund postemployment benefits were \$8,663 and \$8,778, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Dover Township  
Tuscarawas County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

**Note 10 – Debt**

The Township's long-term debt activity for the year ended December 31, 2006, was as follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Note 2004 Issue	3.5%	\$86,709	\$0	\$64,170	\$22,539	\$22,539

The Township's long-term debt activity for the year ended December 31, 2005, was as follows:

	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Note 2004 Issue	3.5%	\$148,652	\$0	\$61,943	\$86,709	\$64,170

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.

The following is a summary of the Township's future annual debt service requirements, including interest:

<u>Year</u>	<u>General Obligation Notes</u>
2007	\$22,539

**Note 11 – Interfund Transfers**

During 2006, the following transfers were made:

Transfer from the General Fund to: Zoning Fund	\$6,000
Transfer from the FEMA Fund to: Road and Bridge Fund	\$6,102

During 2005, the following transfer was made:

Transfer from the General Fund to: Other Governmental Funds	\$4,500
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Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The 2006 FEMA transfer of \$6,102 was to reimburse the Road and Bridge Fund for expenditures incurred prior to reimbursement.

Dover Township  
Tuscarawas County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 12 – Contingent Liabilities**

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 13 – 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 to the Regional Planning Commission for membership in 2006 and 2005.

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT 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 governmental activities, each major fund, and the aggregate remaining fund information of Dover Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated July 11, 2007 wherein we noted the Township revised its financial statements for 2006 and 2005, making them comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. 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 governments. 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined 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 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 its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

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

#### **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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated July 11, 2007.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 11, 2007

DOVER TOWNSHIP  
TUSCARAWAS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-001	<b>Ohio Rev. Code Section 9.39</b> – Finding for Recovery.	Yes	Corrected. Finding for Recovery paid in full.





**Mary Taylor, CPA**  
Auditor of State

**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  
SEPTEMBER 6, 2007**