



**Auditor of State
Betty Montgomery**

CITY OF DOVER
TUSCARAWAS COUNTY

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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 *GOVERNMENT AUDITING STANDARDS***

City of Dover
Tuscarawas County
122 East Third Street
Dover, Ohio 44622

To the Members of City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dover, Tuscarawas County, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 6, 2005. 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 City's internal control over financial reporting to determine our auditing procedures in order to express our opinions 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 City's management dated June 6, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the City'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*. In a separate letter to the City's management dated June 6, 2005, we reported other matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the City Council. It is not intended for anyone other than these specified parties.

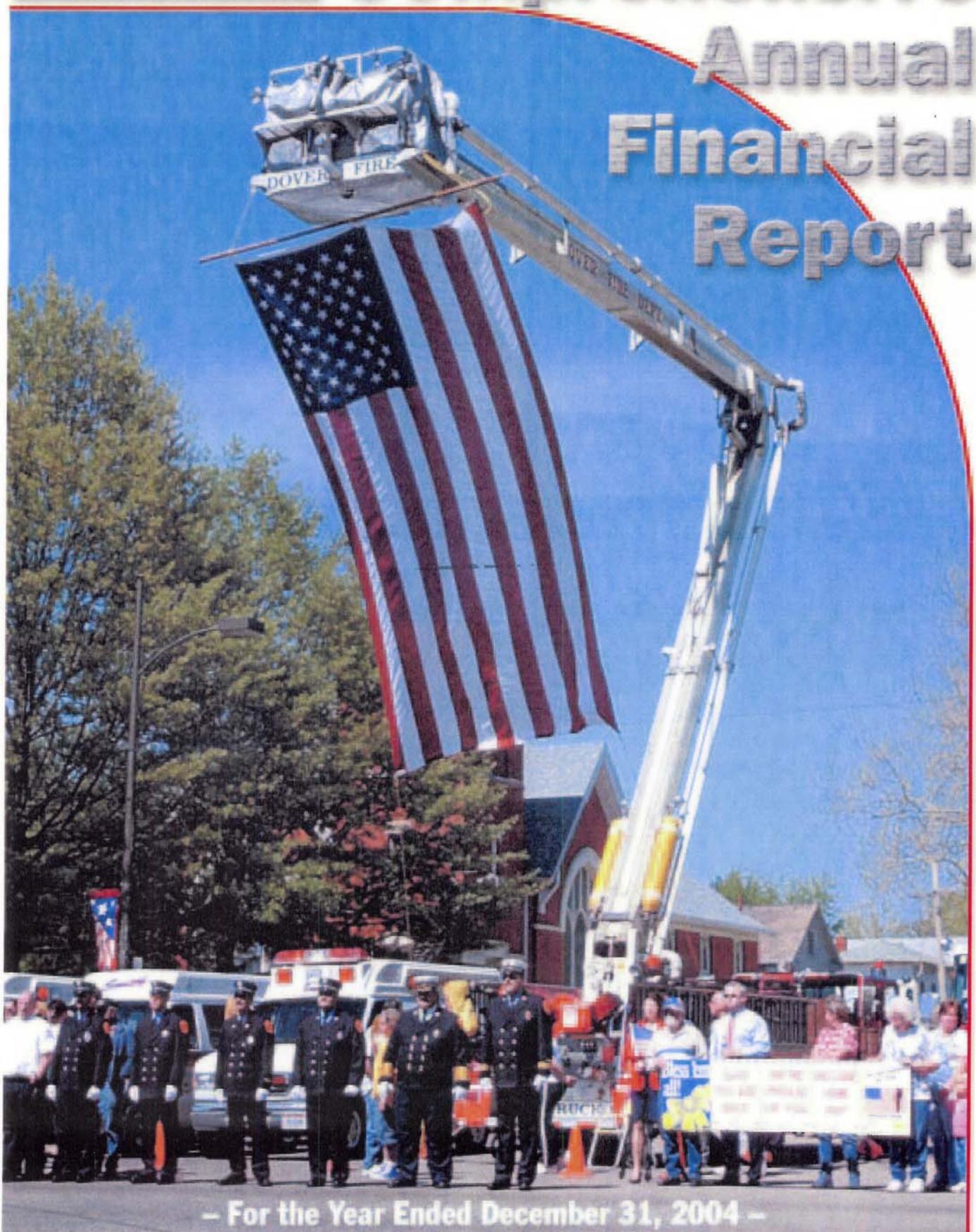
A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 6, 2005

CITY of DOVER, OHIO

Comprehensive Annual Financial Report



– For the Year Ended December 31, 2004 –

City of Dover, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2004
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Introductory Section



City Of Dover

Auditor's Office

122 EAST THIRD STREET • DOVER, OHIO 44622

(330) 343-6385

Mary J. Fox, Auditor
e-mail: auditor@doverohio.com

Fax (330) 343-2775

June 6, 2005

Dear Members of Council and
Residents of the City of Dover:

The purpose of this letter is to acquaint you with the City of Dover's Comprehensive Annual Financial Report (CAFR), prepared by the City Auditor's Office. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data as presented is accurate in all material respects, that it is presented in a manner designed to set forth fairly the financial position and results of operations of the City and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included. This report will provide the taxpayers of the City of Dover with comprehensive financial data in a format which will enable them to gain an understanding of the City of Dover's financial affairs. Copies will be made available to the Chamber of Commerce, major taxpayers, Dover Public Library, financial rating services and other interested parties.

The comprehensive annual financial report is presented in three sections as follows:

1. The Introductory Section contains the table of contents, letter of transmittal, GFOA Certificate of Achievement, elected and principal officials of the City, and the City's organizational chart.
2. The Financial Section begins with the Independent Accountant's Report, and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section presents various tables reflecting social and economic information, financial trends, and fiscal capacity of the City.

City Organization

Dover lies 80 miles south of Cleveland and Lake Erie and 100 miles west of Pittsburgh. Though originally called Dover, the prefix "canal" was added in 1807 by postal authorities to distinguish the City from the Village of Dover in Cuyahoga County. Canal Dover was an appropriate name at this particular time considering the town's first prosperity was stimulated by the construction of the Ohio and Erie Canal in the late 1820's. This "canal town" was incorporated as a village in 1842 and established as a city in 1901. By December 18, 1915, the City was officially referred to by its original name of Dover.



TREE CITY USA

Operating under the Mayor/Council form of government, the citizens of Dover elect a mayor, auditor, law director, treasurer and eight members of the council, including the president, three council members-at-large and four ward council members. A safety director, service director, auditor, treasurer, and law director are responsible for various departments of City business.

Reporting Entity and Services Provided

For financial reporting purposes, the City has considered all departments and organizations making up the City of Dover (the primary government).

The City of Dover, as a governmental entity, is totally separate and distinct from the Dover City School District. Although the two entities share similar names, they are independent of each other in terms of governing bodies, financial resources and management. Because of the separate and independent nature of the school district, the school district's financial statements are not included in this report. The Community Improvement Corporation of Tuscarawas County, the Tuscarawas County Regional Planning Commission, the Southeastern Ohio Narcotics Team and the Ohio Mid-Eastern Governments Association are reported as jointly governed organizations. The City is also associated with one joint venture, the Ohio Municipal Electric Generation Agency (JV2).

The City provides the full range of municipal services. These services include police, fire, health care, recreation programs (including parks), transportation programs (including streets), water treatment and distribution and water back flow prevention and cross connection control programs, electric and electric pollution discharge elimination and PCB elimination programs, sewer and sewer industrial pretreatment programs, planning and zoning, and general administrative services.

Economic Condition and Outlook

Dover covers an area of 5.71 square miles in northeastern Ohio and is located to the south of Cleveland and Canton. The City is easily accessible from Interstate 77. This popular and expanding residential community is noted for its older elegant homes built on quiet tree-lined streets. Dover is a highly desirable City to live in Tuscarawas County, as property values outpace inflation. The underlying strength of Dover's growing economy comes from its diversity. Dover does not depend on one firm for local employment; as many as six corporations employ in excess of 200 people each, lending to the City's diversification.

Five banks (Huntington National, Bank One, First National Bank of Dennison, Citizens Bank, First Federal Bank) are located in the City. Financial institutions located in the County had total deposits of \$159,853,000 on December 31, 2004.

Residents of Dover receive information through various media. The New Philadelphia Times-Reporter, a daily morning newspaper, serves the City. In addition, the City is within the broadcast area of five television stations, and Adelphia Cable Company provides digital cable TV services. Three AM and FM radio stations are located in the County (one within the City).

Post-Secondary schooling is available through two-year and four-year colleges and universities, including the Kent State University, Tuscarawas Campus.

Union Hospital is the largest employer in the City of Dover with 950 employees at year-end. The hospital, now in its 100th year, is focusing on patient care more than ever. Investments in new facilities, technology, new specialist and staff have earned Union Hospital high ratings in the northeast area of Ohio. Union Hospital continues to be an invaluable asset to the City of Dover and its citizens.

Adventure Harley Davidson opened its doors in May of 2005, a carefully planned expansion of H & M Cycle of Dover. The 33,000 square foot facility was designed with careful attention to detail. With a

wraparound front porch complete with rocking chairs and a picnic area, the dealership offers riders a haven to relax and enjoy the lodge like atmosphere of the dealership. The business does a brisk business worldwide on the internet and has expanded its employees, full and part-time from 28 to 44 at the new location. There are currently 11 service bays in operation, up from 5 at the old location. New owners get a thorough introduction to their motorcycles that includes training by state-certified motorcycle riding instructors and a picture of themselves and their new purchase in the "delivery room". The \$3 million dollar property and building is owned locally and offers 65 motorcycles on display along with accessories, parts and general merchandise.

Rolite, Inc., a chair mat manufacturing firm that was formerly located in Midvale, Ohio, is one of the first occupants of the business park developed by the Tuscarawas County Port Authority at the former AK Steel complex. Rolite, Inc. has exclusively manufactured chair mats since 1978. The company was founded by a chemical engineer with the goal of creating a more durable attractive chair mat than what was available at the time. Compounding done on site allows the company complete control over the input of raw materials. Using only the finest materials and giving special attention to production runs, produces a more appealing color and clarity to the mat, eliminating the yellowing and haziness caused by material degradation. A variety of shapes, colors and custom mats are produced locally and shipped worldwide.

Marlite, a long standing Dover company, changed hands in 2004. Two former employees purchased the company in March to expand the business and keep it locally owned. Marlite manufactures and sells a variety of rigid wall coverings used in commercial buildings. In the months since the purchase, new product lines have been introduced and added to the existing commercial wall systems, offering decorative, functional and durable alternatives. Aggressive goals have been set for the company in 2005 with the belief that each one will be exceeded as the company continues to expand its operations and employees in 2005.

The Tuscarawas County Port Authority is committed to bringing new business to the area in both the business park and the business incubator. Business Park Incubator, Inc. (BPI) was founded and opened for business on December 24, 2003. 20,000 square feet of space was reserved and remodeled for the purpose of developing an incubator as an economic development tool to aid in the acceleration of the growth and success of entrepreneurial companies by offering flexible leases, shared basic office services and equipment. One of the first companies to be incubated was ED Payment Systems. The company packages credit card processing for small business members of national trade as well as local associations. BPI will be home to a small manufacturing firm in 2005.

Major Initiatives

For the Year The City of Dover has been actively involved in many issues that will affect the City for many years to come.

The City of Dover owns and operates its own electric generating plant. Our Mayor Richard P. Homrighausen serves as the president of the Ohio Municipal Electric Association, which advocates the needs of small municipal generating plants in Ohio. He has provided testimony many times at United States Senate Sub Committee hearings regarding the legislation that affects the municipal electric industry and the City maintains a keen interest in all legislation that affects our generating plant.

Maintenance activities at the generation plant included stack repairs to the top cap, mortar pointing, test port replacement and complete painting of the stack and its associated attachments. A partial roof replacement was also completed in 2004. New MACT standards came into effect in November of 2004. These environmental standards include a lower particulate limit and for the first time limits on mercury and hydrochloric acid. The City will need to be in full compliance with these standards by September of 2007. The integration of PJM as our regional transmission organization occurred on October 1, 2004. The inclusion into PJM has highlighted the benefits of ownership in our power generation plant.

An expansion of the sewer treatment plant is moving forward. The engineering firm of Burgess & Niple, Inc. from Akron, Ohio has been selected as the lead engineer. The City has reviewed options and financing alternatives and is proceeding with the plan to expand its operations with the design of the project to be completed in September of 2006 with ground breaking early in 2007. This expansion will accommodate the expected growth in the City for an estimated 20 years, thus providing the City with a building block for future industry and residential development.

Construction of a 69 KV line from the Northern Intertie to the Light Plant has been delayed by unforeseen issues but continues to be an initiative of the City as the line will provide a loop feed. This loop will greatly increase our reliability and provide ease of maintenance of the system.

It is the City's intention not only to improve the quality of our electric system, but to also provide the City with state of the art communications with the use of fiber optic cable. One of only five communities in the State to have their own fiber optic system, the City has provided an integrated data and voice communications network between nearly all City departments. The ability to provide local business a fiber optic connection was realized in 2004. A detailed analysis of a survey of the usage and future of the system was presented to Council in January of 2005. The administration and City Council are exploring the many opportunities this telecommunication link can provide, and will continue to research the most cost effective way to utilize this valuable asset.

2004 was a year for construction for the City, as water, sewer, and electric lines were extended to provide service to the annexed area located along State Route 39. Construction continues in 2005, with new customers being added as the project progresses in phases throughout the year.

The Street Department provides many services to the public such as leaf and brush removal, street painting, catch basin repair, street cleaning and sign maintenance, just to name a few. The leaf season this year consisted of thirty-three working days with 164 loads of leaves collected, 820 gallons of fuel used, and 1,352 man hours. There were 1,636 requests for brush pickup throughout the year. The City maintained its existing paving program. 5,965 tons of asphalt was used to pave 9 streets, nine paved alleys along with 8 stone alleys.

The Traffic Division of the Street Department had a painting program during 2004 that consisted of the use of 435 gallons of yellow paint, 150 gallons of white paint and 5,500 pounds of glass beads applied to the City's streets, numerous parking stalls, crosswalks, railroad crossing emblems and turn bays. The division also installed or replaced a total of 149 signs and maintained the City's twenty eight traffic light systems.

The City offered a sidewalk replacement program, which the City funded 50 percent of the replacement with the resident being responsible for the remaining 50 percent. In 2004, the City appropriated \$15,000 and had 21 applicants for the program.

The police department continues to serve the community by providing service programs such as the Third Grade Seat Belt Program, Fourth Grade Bicycle Safety Program, National Child Safety Program for K thru 5th Grade, and Halloween Safety for grades 1 thru 6. Officers represent the department and make presentations at many organizations upon request. It is a priority of the police department to provide the best service and education as possible to the Citizens of Dover.

The Tuscarawas Safe Kids Coalition in conjunction with local law enforcement agencies hold a Teen Rodeo annually in the spring. The Teen Rodeo is open to 16-18 year olds. The individuals compete and learn driving skills. The City of Dover police department has been involved with the Teen Rodeo since 1994.

As always, all departments have kept a progressive approach to management and are continually upgrading their education and licenses as well as implementing new ideas to make the City services they provide the best they can be.

For the Future Dover continues to strive to improve upon its desirability as a place to reside, worship and conduct business in Tuscarawas County. 2004 was a year of major revisions to the City's master plan. This plan encompasses short term and long term goals for each City department. It is a primary focus of the City's administration to prioritize and achieve these goals for the betterment of the citizens of the City of Dover.

The ownership of our power generation plant, transmission and fiber optic system gives Dover residents the power to help control their own destiny in a world of deregulation of utilities. The City continues to use every asset and every economic development tool available to it, to entice new business and maintain current businesses throughout the City. The City continues to diversify its tax base by pursuing annexations and growth of both residential and commercial property.

Cost cutting efforts, negotiations and cost of service studies are a focus in 2005, as fiscal responsibility, while maintaining the level of current services, becomes more challenging. We believe the future of the City of Dover remains bright as we continue to develop the numerous assets the City has to offer any resident, or business located within the City.

Department Focus Each year the City selects a department to highlight for its efforts and accomplishments. For 2004, we are focusing the report on the City's Fire Department.

In 2003, a goal was met with the purchase of a Spartan/Smeal 105 quintuple combination ladder truck. The truck was placed in operation in 2004 as a "first out the door" vehicle for any structure fire. Utilizing the truck in this manner gives the fire crew the capability to effectively attack any size fire with everything from hand operated hose lines up to aerial master streams of over 1,000 gallons per minute. The aerial truck has both Class "A" and Class "B" and Compressed Foam capability, which significantly increases the ability to "knock down" fires and quickly extinguish flammable liquid fires. With the purchase of the truck, our 1967 Snorkel was retired. This truck was the first of its kind in Tuscarawas County.

Other goals included the completion of our upgrades to our existing air packs to high pressure lightweight cylinders which include integrated personal alert safety systems. The City adopted this goal prior to the standard that requires all new air packs to be equipped in this manner. These upgrades offer better wearability, less firefighter fatigue, and better mobility in a fire environment, while maintaining the basic major components of the air packs. Fire hose has been upgraded to allow each of our three engines to carry large diameter supply hose.

Training is always a high priority goal for the department and 1,505 hours were spent in drills, training sessions and classes. Our three shift captains successfully completed the Company Officer curriculum offered by the Ohio Fire Academy, making our department one of few in the State having achieved that goal.

The department responded to a total of 1,852 calls in 2004. The Department received 1,160 Emergency Medical Service calls and 134 fire calls with the remaining responses being made to investigative, alarm drop, hazardous material, and public service calls.

In 2004, the Department purchased a Ford E-450 McCoy Miller ambulance. This vehicle replaced a 1994 model.

Donations and an Ohio Public Safety EMS grant funded the purchase of an advanced training mannequin that can simulate various heart, respiratory and vascular symptoms. The mannequin allows the firefighters to practice advanced treatment just as one would treat a live patient. The mannequin is shared with other local departments.

We are extremely proud of our Fire Department and its members. The department's integrity is shown so many times throughout the year whether it is by fighting fires in the downtown and literally helping to save City blocks from destruction, or by hosting an annual open house and inviting the public and our local school kids into the department and sharing their knowledge.

Financial Information

Internal Accounting and Budgetary Control In the preparation of its annual report, the City uses the modified accrual basis of accounting for governmental funds, and the accrual basis for enterprise, internal service and fiduciary funds. When using the modified accrual basis, revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. The accrual basis recognizes revenues when earned and expenses when incurred. This timing enables management to improve the quality of its decision making process by providing more consistent, comparable information regarding the current and past operations and financial position of the City.

In developing and updating the City's accounting and reporting control system, consideration is given to the adequacy of internal control in providing reasonable but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from its implementation, and that the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. The City Auditor's responsibilities include evaluating the appropriateness of internal control, developing procedures to enhance internal control and working closely with outside auditors.

The City uses a fully automated accounting system which provides the capability to prepare financial information based on generally accepted accounting principles (GAAP) for governments. Budgetary control is maintained at the object level by the encumbrance of estimated purchase amounts coupled with the manual auditing of each purchase order prior to its release to a vendor or prior to payment to ensure that financial information generated is both accurate and reliable. Those purchase orders which exceed the available appropriation are returned to the department head.

The City adopts a temporary appropriation budget on or before January 1 of each year for the period January 1 through March 31. An annual appropriation budget is passed by April 1 of each year for the period January 1 through December 31. All disbursements and transfers of cash between funds require appropriation authority.

New Financial Reporting This is the fourth year the City has prepared financial statements following "GASB Statement 34 - Basic Financial Statements-and-Management's Discussion and Analysis - for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the City's financial activities as follows:

Government-wide financial statements These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

Fund financial statements These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statements of budgetary comparisons These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As a part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. This discussion follows the Independent Accountants' Report, providing an assessment of the City finances for 2004 and the outlook for the future.

Financial Highlights - Internal Service Fund There is one internal service fund carried on the City's financial records. The self insurance-internal service fund has net assets of (\$133,175) as of December 31, 2004.

Cash Management Cash during the year was invested in demand deposits, certificates of deposit, Federal Home Loan Bank Bonds, STAR Ohio and mutual funds.

Protection of the City's deposits is provided by the federal deposit insurance corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public funds deposited.

Risk Management The City of Dover manages the hospital/medical health benefits for its employees on a self-insured basis. A third party administrator processes and pays the claims. An excess coverage insurance policy covers claims in excess of \$65,000 per employee per year and in the aggregate of \$1,243,163 per year. The advantages of the self-insurance arrangement include the City of Dover holding the reserves and earning interest on them as well as saving on administrative costs. Control of the plan rests with the City.

All employees of the City of Dover are covered by a blanket bond, while certain individuals in policy making roles are covered by separate, higher limit bond coverage. The City contracts for general liability insurance with a \$1,000,000 limit and a \$5,000,000 limit Umbrella Policy.

Independent Audit

The financial records, books of accounts and transactions of the City of Dover, Ohio, for the year ended December 31, 2004, have been audited by the Auditor of State Betty Montgomery's Office. The Auditor's opinion has been included in this report.

Awards

GFOA Certificate of Achievement The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dover for its Comprehensive Annual Financial Report for the year ended December 31, 2003.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report which conforms to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for review.

Tree City USA The City received its twenty-third Tree City USA Award for the year ended December 31, 2004. These prestigious awards recognize the City for its annual program of planting new trees and maintaining and removing old trees.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report requires a major effort. We would like to thank everyone who has been involved in this report either directly or indirectly. The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the finance department, supervisors of other City departments, and both the Audit and the Local Government Services Section of the Auditor of State Betty Montgomery's office.

We are happy to report that the City's financial policies and management, combined with a strong local economy, have enabled Dover to continue to improve its already sound financial condition. In addition, the prospects for continuing this pattern are encouraging. Each year we renew our commitment to implement responsible and progressive changes in order to improve our responsiveness to the citizenry and to insure the financial stability of the community. We extend our appreciation to City Council for its support and commitment to responsible fiscal reporting.

Respectfully submitted,



Richard P. Homrighausen,
Mayor



Mary J. Fox
Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dover,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zjelke

President

Jeffrey R. Emmer

Executive Director

City of Dover, Ohio
Principal Officials
December 31, 2004

Mayor..... Richard P. Homrighausen
President of Council.....Roy G. Crawford
Councilman – Ward I..... David L. Ridenour
Councilman – Ward II Daniel R. Minnis
Councilman – Ward III Sandra K. Moss
Councilman – Ward IV Robert A. Mueller
Council-at-Large..... J. Marc Cappell
Council-at-Large..... Timothy W. Tarulli
Council-at-Large..... Larry E. Kellicker
Clerk of Council..... Lois A. Linard
Law Director Zachary T. Space
Building Inspector..... Kenneth G. Beitzel
Civil Service.....Jeffrey C. Border

Finance Department

Auditor Mary J. Fox
Treasurer Joseph C. Maybaugh
Income Tax Administrator.....Cheryl J. Saylor

Safety Department

Safety Director Tweed Vorhees
Fire Chief Russell Volkert
Police Chief..... Ronald R. Johnson

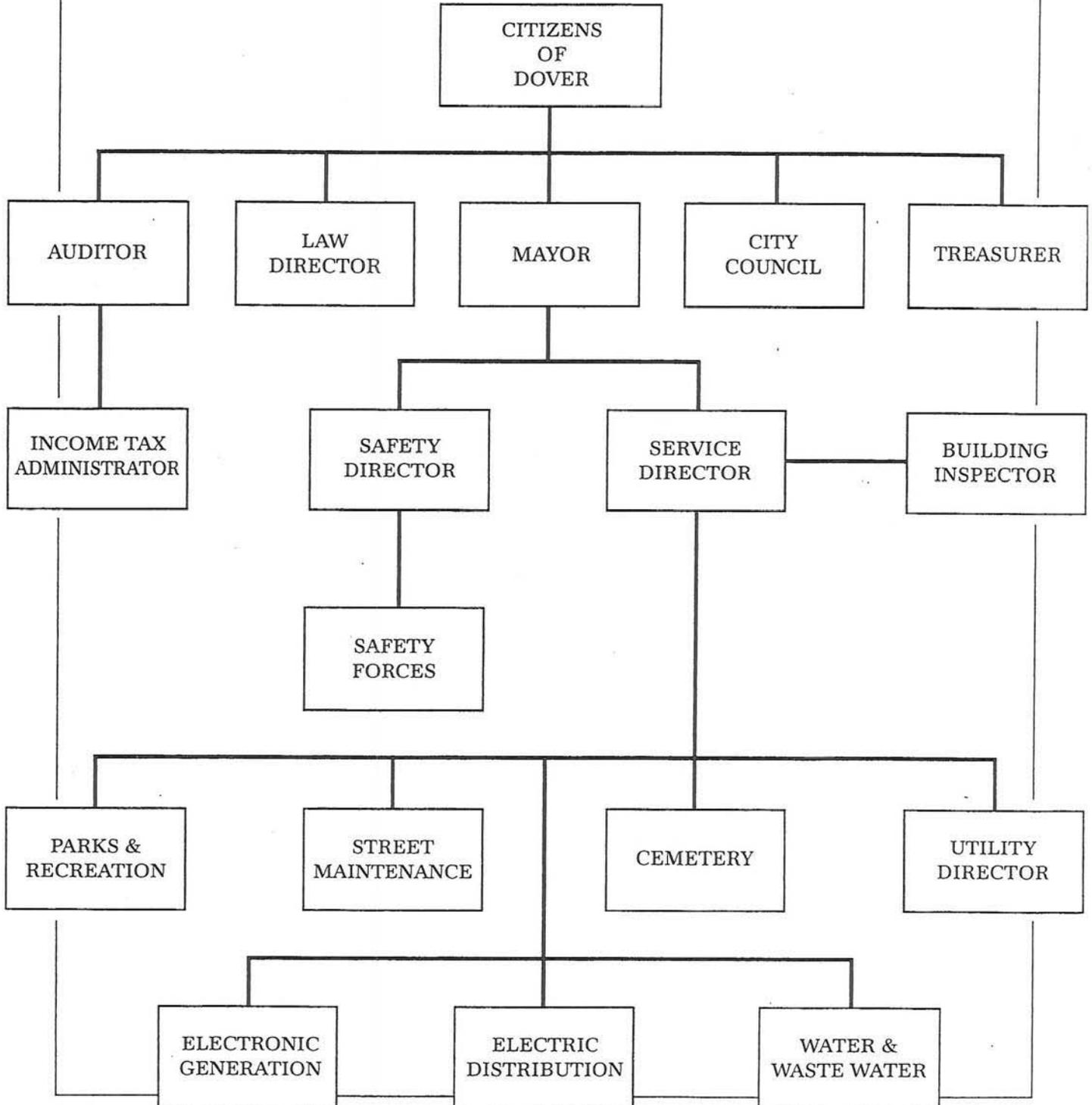
Service Department

Service Director David F. Douglas
Cemetery James A. Mizer
Electric Distribution.....Lindley Singer
Electric Plant.....Charles B. Miller
General Services Rick D. Young
Parks and Recreation..... William R. Heid
Utilities Office Scott D. Daniels
Water and Sewer..... Gary L. Taylor



CITY OF DOVER, OHIO

Organization Chart



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Financial Section



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

City of Dover
Tuscarawas County
122 East Third Street
Dover, Ohio 44622

To the Members of City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dover, Tuscarawas County, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City'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. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dover, Tuscarawas County, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2005, on our consideration of the City'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 & Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America 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.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and individual fund schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and individual fund schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Betty Montgomery
Auditor of State

June 6, 2005

City of Dover, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

The discussion and analysis for the City of Dover's financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2004. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the transmittal letter and the basic financial statements.

Financial Highlights

Financial highlights for 2004 are as follows:

- Total Net Assets decreased \$509,064. Net Assets of governmental activities decreased \$238,181 which represents a 3.1 percent decrease from 2003. Net assets of business-type activities decreased \$270,883 or less than 1 percent from 2003.
- Total Assets of Government Activities decreased \$465,125 or 3.4 percent below the 2003 level.
- Total Current Liabilities increased \$469,086.
- Total Capital Assets increased \$16,864, which represents less than a one percent increase.
- Total Outstanding Debt increased \$627,358 or 3 percent during 2004.

Using this Annual Financial Report

This report is designed to allow the reader to look at the financial activities of the City of Dover as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the City operations, as they prefer.

The Statement of Net Assets and the Statement of Changes in Net Assets provide information from a summary perspective showing the effects of the operations for the year 2004 and how they affected the operations of the City as a whole.

Reporting the City of Dover as a Whole

Statement of Net Assets and Statement of Activities

The Statement of Net Assets and the Statement of Activities provide summary information concerning the financial position and operations of the City as an entity. They provide a good resource for an overall evaluation of the City's financial performance "on one page." These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting. This method takes into account all revenues when they are earned and all expenses when they are incurred. These transactions are booked when they occur and not when the actual cash is received for revenues or when invoices are paid for expenses.

These two statements report the City's net assets and changes in those assets. The change in net assets is important since it is an indication of whether the financial position of the City is improving or declining. However, to properly evaluate the operation of the City, certain non-financial items should be taken into consideration. These items would include the current economic situation as a whole, the current tax base for the City and the age and condition of the City's buildings and infrastructure.

City of Dover, Ohio
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In the Statement of Net Assets and the Statement of Activities, the City is divided into two major activities:

- **Governmental Activities** - Most of the City's programs and services are reported here, including general government, security of persons and property, transportation, public health services, community environment, basic utility services, and leisure time activities.
- **Business-Type Activities** - These services are provided on a fee basis to recover all of the expenses of the goods or services provided. The City's business-type activities are sewer, electric and water.

Reporting on the Most Significant Funds of the City of Dover

Fund Financial Statements

The analysis of the City's major funds begins on page 8. The fund financial reports give a detailed report of the activities within the funds. The City currently has twenty funds. These funds are in existence to provide a multitude of services to the citizens of Dover. Each fund is in some ways an entity unto itself. Each fund has a designed revenue stream and restricted uses for the monies within the fund.

In this report, the focus is on five major funds, the General fund, the Master Capital fund, the Sewer fund, the Electric fund, and the Water fund. For purposes of this report, the Sewer Revenue and Wastewater Reserve are reported as the "Sewer Fund." Likewise the Electric Revenue, Guarantee Deposit, Electric Replacement and Improvement, Electric System Construction, Electric System Capital Reserve, Electric Surplus, and the Municipal Electric Improvement are all reported under the "Electric Fund" and the Water Revenue, Water Surplus, Water Construction and the Water Replacement and Improvement are reported as the "Water Fund"

Governmental Funds All of the City's major activities (excluding the Water, Sewer and Electric funds) are reported in the governmental funds. This report shows how monies flow into and out of these funds and also shows what balances are available for future expenditures. The accounting method used to report this activity is the modified accrual method. This method reports cash and like-cash items that can be converted into cash. This shows what level of financial resources is available or will be available to provide the services that the general government provides in the near future. These services include police and fire protection, as well as improving and maintaining the City's streets, parks, cemeteries, and City Hall. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the government funds is reconciled in the financial statements.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match, except for the internal service fund allocations.

City of Dover, Ohio
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The City of Dover as a Whole

The Statement of Net Assets provides an overall view of the City. Table 1 shows a summary of the City's net assets for 2004 as they compare to 2003.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Assets						
Current and Other Assets	\$6,207,295	\$5,072,294	\$15,657,840	\$16,282,268	\$21,865,135	\$21,354,562
Capital Assets, Net	7,475,384	8,145,260	38,960,618	38,307,606	46,436,002	46,452,866
<i>Total Assets</i>	<u>13,682,679</u>	<u>13,217,554</u>	<u>54,618,458</u>	<u>54,589,874</u>	<u>68,301,137</u>	<u>67,807,428</u>
Liabilities						
Current Liabilities	4,631,049	4,568,857	8,299,274	8,830,552	12,930,323	13,399,409
Long-Term Liabilities:						
Due Within One Year	283,454	267,698	1,051,960	1,019,929	1,335,414	1,287,627
Due in More Than One Year	1,086,122	937,126	14,707,455	14,450,507	15,793,577	15,387,633
<i>Total Liabilities</i>	<u>6,000,625</u>	<u>5,773,681</u>	<u>24,058,689</u>	<u>24,300,988</u>	<u>30,059,314</u>	<u>30,074,669</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	4,755,384	5,425,260	19,368,552	17,332,983	24,123,936	22,758,243
Restricted for:						
Cemetery	501,239	540,441	0	0	501,239	540,441
Street Maintenance and Repair	294,063	186,730	0	0	294,063	186,730
Ambulance	153,974	85,383	0	0	153,974	85,383
Revolving Loan	232,703	7,771	0	0	232,703	7,771
Shade Tree	2,909	2,909	0	0	2,909	2,909
Law Enforcement and Education	26,788	26,449	0	0	26,788	26,449
Debt Service	0	0	1,326,026	1,280,500	1,326,026	1,280,500
Capital Projects	1,362,487	941,300	0	0	1,362,487	941,300
Replacement and Improvement	0	0	3,392,082	2,857,360	3,392,082	2,857,360
Unrestricted	352,507	227,630	6,473,109	8,818,043	6,825,616	9,045,673
<i>Total Net Assets</i>	<u>\$7,682,054</u>	<u>\$7,443,873</u>	<u>\$30,559,769</u>	<u>\$30,288,886</u>	<u>\$38,241,823</u>	<u>\$37,732,759</u>

Total assets decreased in 2004 by \$493,709. Total liabilities increased by \$15,355. A decrease in both prepaids and accounts receivable were the contributing factors for the decrease of assets in 2004.

The decrease of \$15,355 in total liabilities was a result of decreased amounts of purchased power payable at year end and decrease in long-term liabilities offset by an increase in notes payable.

Total net assets decreased by \$509,064. This number reflects a decrease in both governmental and business-type activities.

The City also works hard to increase net assets through our investment program. Investment earnings for governmental and business-type activities were \$175,630 in 2004. This is a decrease of \$33,349 from 2003. This decrease is a result of lower interest rates and the timing of City investments.

City of Dover, Ohio
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Table 2 shows the changes in net assets for the fiscal year 2004 for both our Governmental activities and our Business-Type activities. Since this is the fourth year the City is reporting under the GASB 34 reporting model, revenue and expense comparisons can be made between the years 2003 and 2004.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Revenues						
Program Revenues:						
Charges for Services and Sales	\$859,448	\$920,380	\$17,666,463	\$18,079,789	\$18,525,911	\$19,000,169
Operating Grants and Contributions	539,613	698,398	0	0	539,613	698,398
Capital Grants and Contributions	300,600	202,273	212,957	38,159	513,557	240,432
Total Program Revenues	1,699,661	1,821,051	17,879,420	18,117,948	19,579,081	19,938,999
General Revenues:						
Property Taxes	1,059,505	1,066,481	0	0	1,059,505	1,066,481
Income Taxes	3,453,203	3,543,317	0	0	3,453,203	3,543,317
Grants and Entitlements	1,136,833	1,865,282	0	0	1,136,833	1,865,282
Investments	171,851	106,991	37,128	68,639	208,979	175,630
Premium on Note	17,038	0	0	0	17,038	0
Miscellaneous	118,164	133,753	194,971	278,626	313,135	412,379
Total General Revenues	5,956,594	6,715,824	232,099	347,265	6,188,693	7,063,089
Total Revenues	7,656,255	8,536,875	18,111,519	18,465,213	25,767,774	27,002,088
Program Expenses						
General Government	1,210,455	1,030,940	0	0	1,210,455	1,030,940
Security of Persons and Property	3,687,742	3,492,242	0	0	3,687,742	3,492,242
Transportation	1,056,544	1,323,868	0	0	1,056,544	1,323,868
Public Health Services	547,149	645,274	0	0	547,149	645,274
Community Environment	91,624	590,541	0	0	91,624	590,541
Basic Utility Services	360,112	459,082	0	0	360,112	459,082
Leisure Time Activities	658,363	602,131	0	0	658,363	602,131
Interest and Fiscal Charges	79,551	51,326	0	0	79,551	51,326
Enterprise Operations:						
Sewer	0	0	1,826,540	1,857,449	1,826,540	1,857,449
Electric	0	0	14,672,954	14,883,421	14,672,954	14,883,421
Water	0	0	2,062,920	2,574,878	2,062,920	2,574,878
Total Program Expenses	7,691,540	8,195,404	18,562,414	19,315,748	26,253,954	27,511,152
Increase (Decrease) in Net Assets						
Before Transfers	(35,285)	341,471	(450,895)	(850,535)	(486,180)	(509,064)
Transfers	(520,385)	(579,652)	520,385	579,652	0	0
Increase (Decrease) in Net Assets	(555,670)	(238,181)	69,490	(270,883)	(486,180)	(509,064)
Net Assets Beginning of Year	8,237,724	7,682,054	30,490,279	30,559,769	38,728,003	38,241,823
Net Assets End of Year	\$7,682,054	\$7,443,873	\$30,559,769	\$30,288,886	\$38,241,823	\$37,732,759

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Governmental Activities

The funding for the governmental activities comes from several different sources, the most significant being the municipal income tax. Other prominent sources are property taxes, grants and entitlements, charges for services, and investment interest.

The City's income tax was established by ordinance to be effective January 1, 1970 at a rate of 1 percent. The rate has not been increased. Even though this rate is much lower than the state average for municipalities that have an income tax, there are no plans at this time to increase the rate. The income tax accounted for revenues of \$3,543,317 in 2004. By City ordinance, income tax proceeds, after income tax department expenditures, are credited to the following funds: Forty percent of the first \$2,000,000 to the master capital projects fund and the remaining balance divided between the cemetery special revenue fund, the street maintenance and repair special revenue fund, the police and fire pension special revenue fund and the general fund. This practice of putting a percentage of income tax revenue into the Master Capital fund has been an excellent tool for the City in making capital improvements without the need to issue debt.

Police and fire represent the largest expense of the Governmental Activities. This expense of \$3,492,242 represents 43 percent of the total expenses. These two departments operate out of the General fund.

Our Fire Department employs 16 full time employees including the Chief. The City is very committed to maintaining a very efficient department. Regular meetings, drills, and training sessions are held. There is a strong emphasis on equipment with financial planning in place for replacement of worn equipment on a regular basis. The department's functions include firefighting, emergency medical service including paramedic service, fire prevention education, and investigation. The department also contracts with Dover Township to provide firefighting and emergency medical services. The revenues generated by this contract are reported under the charges for services area.

Our Police Department is also funded through the General fund. The department is a full time 24 hour a day, 365 days a year department with 22 officers and a full time Chief.

Our Street Maintenance and Repair and Traffic Department employs 15 full time employees who provide the City and its citizens many services that include public road salting, leaf and debris pickup, paint striping, and alley profiling. Transportation expenses increased by \$267,324 due to a comparison made to a prior year with substantial non-capitalized expenditures

The City also maintains three cemeteries (public health services) and two parks (leisure time activities) within the City. These areas had expenses of \$1,247,405 in 2004, equaling 15 percent of the total governmental activities expenses.

Business-Type Activities

The City also operates a Utility Department that consists of three utilities. The largest from an asset and revenue standpoint is the electric utility. This utility consists of a coal fired generation plant and distribution system that serves the City and surrounding area with reliable and competitively priced power. In 2004, the electric utility sold 208,963,349 KWH of electricity to generate \$13,946,111 in revenue. We burned 50,623 tons of coal at a cost of \$1,613,156. In 2001, the City entered into a joint venture project with other municipalities and American Municipal Power of Ohio (AMP Ohio) to ensure the availability and consistent pricing when purchasing peak power. This investment helps to ensure the

City of Dover, Ohio
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City's goal of reliable, affordable power and gives the City the opportunity of selling any excess City owned power to others.

The water utility services 5,538 residents with a minimum monthly pumpage of 1.40 million gallons and a maximum monthly pumpage of 3.82 million gallons in 2004. The water plant is the newest of the utility facilities. It was put into service in 1998. The raw water is supplied through four wells currently in service into the plant where it's treated with chlorine and filtered through green sand filters and distributed throughout the City. The City has three water towers.

The sewer facility processed an average of 1,948,000 gallons per day during 2004. This facility is near its peak capacity and a sludge press was added in 2001 to increase the efficiency of the plant. The City is moving forward with a sewer plant expansion.

The revenues and expenses for all three of these utilities are reported under the business-type activities on Table 2. The majority of the City's revenues and expenses flow through the business-type activities. The revenues are generated primarily from charges for services. In 2004, charges for services of \$18,079,789 accounted for approximately 98 percent of the revenues. The total expenses for the utilities were \$19,315,748. The City had a decrease in net assets of \$270,883 for the business-type activities.

The City's Funds

Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$8,474,147 and expenditures of \$8,871,424. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues.

The one fund that consistently exceeds our expenditure expectations is our Employee Health Insurance fund. Our medical and dental benefit plans have been self-funded since 1988. The ordinance was passed in 2003 to allow for an additional \$100 per employee per month to be contributed to the fund on an as-needed basis. We are currently in the process of negotiating with our unions for plan modifications to help control plan costs.

Information about the Proprietary Funds starts on page 21. These funds are accounted for on an accrual basis. All business type funds had operating revenues of \$18,358,415, which exceeded operating expenses of \$17,798,426 by \$559,991 or 3 percent of operating revenues. The City is consistent with reviews of these funds, and the necessary adjustments are made to ensure strength in our enterprise funds.

Budgeting Highlights

The City's budget is prepared according to the laws of the State of Ohio and is based on accounting for certain transactions on a cash basis for receipts, expenditures, and encumbrances. The City of Dover is somewhat different than many other Ohio cities its size in that the General fund is not our most significant fund. Our budget is adopted at object level within each department. Any budgetary modifications at the level may only be made by Councilmatic action.

For 2004, there were no material changes in the original and final budgets.

City of Dover, Ohio
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All recommendations for appropriation changes come to Council from the City Auditor. The Finance Committee of Council reviews them, and they make their recommendation to the Council as a whole.

Strong emphasis is placed on fund balances. The City Auditor reviews fund balances on a daily basis. Special attention is paid to the operating funds, which are the General, the Electric, Sewer and Water funds. Council also receives a monthly report showing beginning fund balance for all funds at the beginning of the year, the change in the balance thus far year to date, and the current fund balance.

Line item reports are reviewed regularly by the City Auditor to ensure spending is within the legal level. The managers and superintendents, as well as the Utility and Safety Service Directors, also monitor their appropriations and fund balances to ensure the entire operation of the City operates within the appropriations.

Capital Assets

Table 3
Capital Assets at December 31

	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Land	\$851,930	\$851,930	\$410,386	\$410,386	\$1,262,316	\$1,262,316
Buildings	1,455,727	1,497,491	12,846,621	12,650,104	14,302,348	14,147,595
Improvements Other than Buildings	325,470	435,313	0	0	325,470	435,313
Equipment and Machinery	871,335	943,647	4,421,514	3,739,769	5,292,849	4,683,416
Furniture and Fixtures	20,148	17,898	61,617	56,075	81,765	73,973
Vehicles	824,808	838,772	327,578	339,407	1,152,386	1,178,179
Infrastructure	3,125,966	3,560,209	14,475,125	14,124,899	17,601,091	17,685,108
Construction-In-Progress	0	0	6,417,777	6,986,966	6,417,777	6,986,966
<i>Total Capital Assets</i>	<u>\$7,475,384</u>	<u>\$8,145,260</u>	<u>\$38,960,618</u>	<u>\$38,307,606</u>	<u>\$46,436,002</u>	<u>\$46,452,866</u>

Total Capital Assets for the City of Dover for the year ended December 31, 2004 were \$46,452,866, which reflects a \$16,864 increase over the 2003 figure of \$46,436,002. Infrastructure acquired or constructed prior to 2000 has not been reported in the governmental activities. In 2001, the City reported its current year infrastructure and will phase in the beginning balance in future years. In 2004, \$505,109 was added for the improvements and additions to fire hydrants, streets and storm sewers bringing the total governmental infrastructure to \$3,560,209. In the business-type activities, there was a decrease of \$653,012 for 2004. This decrease can be attributed to current year depreciation exceeding capital asset additions for the year. Note 8 provides capital asset activity during the 2004 year.

City of Dover, Ohio
Management's Discussion and Analysis
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Debt

The outstanding debt for the City of Dover as of December 31, 2004 was \$24,349,143. This balance reflected an increase of \$627,358 from the previous year's balance of \$23,721,785, an increase of 3 percent.

Table 4
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Police and Fire Pension	\$311,785	\$306,927	\$0	\$0	\$311,785	\$306,927
Revenue Bonds	0	0	13,855,000	13,907,216	13,855,000	13,907,216
General Obligations Bonds	0	0	985,000	815,000	985,000	815,000
Notes Payable	2,720,000	2,720,000	5,850,000	6,600,000	8,570,000	9,320,000
<i>Total</i>	<u>\$3,031,785</u>	<u>\$3,026,927</u>	<u>\$20,690,000</u>	<u>\$21,322,216</u>	<u>\$23,721,785</u>	<u>\$24,349,143</u>

The Utility Department carries the vast majority of the debt, the largest debt being that of the electric utility. Most of this debt is a revenue bond, and various purpose notes that were issued for major upgrades to the power plant. The electric utility also has outstanding general obligation bonds in the amount of \$225,000.

The water utility issued a revenue bond in 2003 for improvements to the waterworks system. It is scheduled to be paid off in 2022. In 2004, the water utility also current refunded their 1994 waterworks system revenue bond. The new issue is scheduled to be paid off in 2022.

The sewer utility has a general obligation bond. It will be paid off in 2009.

Debt service current year payments for the electric utility in 2004 were \$6,048,330. For the sewer utility it was \$909,076, and for the water utility \$534,467.

Additional information on the City's long-term debt can be found in Note 10 of this report. Note 13 provides information regarding bond anticipation notes.

Current Financial Issues

The City of Dover has focused much of its attention and resources in 2004 to a recently annexed area of the City. Annexation of over 250 acres of land was finalized in April of 2002. An industrial park is being planned for the area. The City administration continues to work with businesses to occupy the park. Construction to extend all City utilities to the new area began in 2004 and will be completed in phases. The extension of services will accommodate new business and residents, as well as, existing customers located within the area. A major effort was made to complete the phase of the extension to a newly built Adventure Harley Davidson, which celebrated its grand opening in May of 2005. Although the store was originally located within the City of Dover, the operation was expanded to service its many customers throughout the area.

The City has passed an ordinance to allow for tax incremental financing to be used as an economic development tool to help attract businesses to the park and help expedite the extension of utilities to any business wishing to locate within the park.

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The City is consistently searching for ways to improve the electric service to our residents. An improvement project started in 1999 has been stalled by unforeseen circumstances. This project enhancing the City's electric system's integrity in the event of a natural disaster affecting a substation will allow the City to change automatically to an alternate feeder without any disruption of service.

The fiber optic cable network currently in place is being used as a tool to attract new and existing businesses to the City of Dover. The use of the cable will provide a business in Dover with reliable, efficient access to virtually anywhere in the world. The benefit of the use of the cable to the medical community would be the link to any specialist throughout the world. In late 2003, the City began using the fiber optic cable network to provide internet service and phone service to the City departments. In 2004, the City tested the system by providing a few customers service. We feel this access to technology is worth exploring and is working very well for the City of Dover. The administration is consistently researching the most cost efficient ways to provide everyone in the City of Dover the pathway to this technology.

The former AK Steel complex was purchased by the Tuscarawas County Port Authority in 2003 for use as a business park. The City of Dover and the Ohio Department of Development approved a loan in 2003 from the City's Economic Development Revolving Loan Fund for \$500,000 to Rolite, Inc., a manufacturer of chair mats, which moved its operation to Dover. This move allowed the company to expand its operation and helped pay for the renovations and construction needed for the expansion. Rolite, Inc. currently has brought 72 new jobs to the City of Dover. Rolite, Inc. began repayment of its loan in 2005. These monies will be used to help other eligible businesses to expand or relocate to the City.

The business park is home to three other businesses, a division of Owens Corning, a manufacturer of cultured stone products, employs 16 employees at the Dover location, Norris Consulting employs 19 and McKeever Decorating has 11 employees.

The Tuscarawas County Port Authority found its first tenant in the business incubator in 2004 within the former AK Steel complex with help from the City of Dover. A \$35,000 grant from the City of Dover's Economic Development Revolving Loan Fund enabled the Tuscarawas Port Authority to renovate space to accommodate small service oriented business and prepare an area for small manufacturing type businesses as well. The incubator currently houses two service oriented businesses. An agreement with a small manufacturing business to locate within the incubator was met early in 2005. This manufacturer will bring six to ten new jobs to the City within the first year.

The plans for the future are always made keeping a careful watch on the financial condition of the City. The City of Dover has a firm commitment to its citizens and has continued to provide the same level of services in 2004. Our goal remains to grow and meet the needs of the future, despite the effects felt by the economic downturn. The City of Dover shows its strength of a diversified tax base by keeping pace with prior years collections of income tax. City departments remain adequately staffed and the City continues to replace equipment as needed. We are proceeding with the yearly paving programs, and extending our streets and utilities to new areas. City Council has again provided funding for a sidewalk replacement program and an alley paving program.

The Council and the Administration work very hard to keep the City fiscally sound in a very trying economic time for municipalities. We watch our funds closely and make sure monies are budgeted to provide for proper maintenance of our equipment and facilities. Our administration and department superintendents are all involved in our budget process. Our budget is developed from the bottom up with the emphasis of good stewardship of our ratepayers and taxpayers money.

City of Dover, Ohio
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Contacting the City's Finance Department

This report is intended to provide our citizens and anyone interested in the financial aspects of the City of Dover a general overview of our financial operation. If there are questions, please contact Auditor, Mary J. Fox, City of Dover, 122 East Third Street, Dover, Ohio 44622, telephone 330-343-6395 or website at www.doverohio.com.

City of Dover, Ohio
Statement of Net Assets
December 31, 2004

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,029,563	\$8,284,053	\$10,313,616
Cash and Cash Equivalents:			
Held by Trustee	0	1,398,760	1,398,760
With Fiscal Agents	21,043	65,121	86,164
Materials and Supplies Inventory	82,819	842,236	925,055
Accounts Receivable	116,901	2,628,502	2,745,403
Internal Balances	59,337	(59,337)	0
Intergovernmental Receivable	698,611	2,621	701,232
Prepaid Items	25,499	325,256	350,755
Income Tax Receivable	939,519	0	939,519
Property Taxes Receivable	1,099,002	0	1,099,002
Unamortized Bond Issuance Costs	0	347,593	347,593
Investment in Joint Venture	0	2,447,463	2,447,463
Nondepreciable Capital Assets	851,930	7,397,352	8,249,282
Depreciable Capital Assets, Net	7,293,330	30,910,254	38,203,584
<i>Total Assets</i>	<u>13,217,554</u>	<u>54,589,874</u>	<u>67,807,428</u>
Liabilities			
Accounts Payable	54,213	374,782	428,995
Accrued Wages	164,839	130,278	295,117
Contracts Payable	72,493	1,186,179	1,258,672
Intergovernmental Payable	277,177	215,883	493,060
Matured Interest Payable	1,735	3,204	4,939
Accrued Interest Payable	52,595	187,912	240,507
Retainage Payable	19,308	61,917	81,225
Customer Deposits	0	70,397	70,397
Claims Payable	139,440	0	139,440
Deferred Revenue	1,067,057	0	1,067,057
Notes Payable	2,720,000	6,600,000	9,320,000
Long-Term Liabilities:			
Due Within One Year	267,698	1,019,929	1,287,627
Due In More Than One Year	937,126	14,450,507	15,387,633
<i>Total Liabilities</i>	<u>5,773,681</u>	<u>24,300,988</u>	<u>30,074,669</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	5,425,260	17,332,983	22,758,243
Restricted for:			
Cemetery	540,441	0	540,441
Street Maintenance and Repair	186,730	0	186,730
Ambulance	85,383	0	85,383
Revolving Loan	7,771	0	7,771
Shade Tree	2,909	0	2,909
Law Enforcement and Education	26,449	0	26,449
Debt Service	0	1,280,500	1,280,500
Capital Projects	941,300	0	941,300
Electric Replacement and Improvement	0	2,333,271	2,333,271
Water Replacement and Improvement	0	524,089	524,089
Unrestricted	227,630	8,818,043	9,045,673
<i>Total Net Assets</i>	<u>\$7,443,873</u>	<u>\$30,288,886</u>	<u>\$37,732,759</u>

See accompanying notes to the basic financial statements

City of Dover, Ohio
Statement of Activities
For the Year Ended December 31, 2004

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$1,030,940	\$24,917	\$0	\$0
Security of Persons and Property	3,492,242	92,138	0	0
Transportation	1,323,868	12	413,393	0
Public Health Services	645,274	283,036	0	0
Community Environment	590,541	23,059	285,005	202,273
Basic Utility Services	459,082	424,740	0	0
Leisure Time Activities	602,131	72,478	0	0
Interest and Fiscal Charges	51,326	0	0	0
<i>Total Governmental Activities</i>	<u>8,195,404</u>	<u>920,380</u>	<u>698,398</u>	<u>202,273</u>
Business-Type Activities:				
Sewer	1,857,449	2,429,520	0	8,166
Electric	14,883,421	13,946,111	0	0
Water	2,574,878	1,704,158	0	29,993
<i>Total Business-Type Activities</i>	<u>19,315,748</u>	<u>18,079,789</u>	<u>0</u>	<u>38,159</u>
<i>Total - Primary Government</i>	<u>\$27,511,152</u>	<u>\$19,000,169</u>	<u>\$698,398</u>	<u>\$240,432</u>

General Revenues

Property Taxes Levied for:

 General Purposes

 Police and Fire Pension

Income Tax Levied for:

 General Purposes

 Street Maintenance and Repair

 Cemetery

 Police and Fire Pension

 Capital Outlay

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year - Restated (See Note 18)

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$1,006,023)	\$0	(\$1,006,023)
(3,400,104)	0	(3,400,104)
(910,463)	0	(910,463)
(362,238)	0	(362,238)
(80,204)	0	(80,204)
(34,342)	0	(34,342)
(529,653)	0	(529,653)
(51,326)	0	(51,326)
(6,374,353)	0	(6,374,353)
0	580,237	580,237
0	(937,310)	(937,310)
0	(840,727)	(840,727)
0	(1,197,800)	(1,197,800)
(6,374,353)	(1,197,800)	(7,572,153)
926,655	0	926,655
139,826	0	139,826
1,955,294	0	1,955,294
355,425	0	355,425
290,001	0	290,001
301,522	0	301,522
641,075	0	641,075
1,865,282	0	1,865,282
106,991	68,639	175,630
133,753	278,626	412,379
6,715,824	347,265	7,063,089
(579,652)	579,652	0
6,136,172	926,917	7,063,089
(238,181)	(270,883)	(509,064)
7,682,054	30,559,769	38,241,823
<u>\$7,443,873</u>	<u>\$30,288,886</u>	<u>\$37,732,759</u>

City of Dover, Ohio

Balance Sheet

Governmental Funds

December 31, 2004

	General	Master Capital	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$447,828	\$809,740	\$765,730	\$2,023,298
Cash and Cash Equivalents With Fiscal Agents	0	15,396	5,647	21,043
Materials and Supplies Inventory	8,680	0	74,139	82,819
Accounts Receivable	69,510	302	47,089	116,901
Intergovernmental Receivable	544,603	0	154,008	698,611
Prepaid Items	21,939	0	3,560	25,499
Income Taxes Receivable	493,513	195,997	250,009	939,519
Property Taxes Receivable	956,541	0	142,461	1,099,002
<i>Total Assets</i>	<u>\$2,542,614</u>	<u>\$1,021,435</u>	<u>\$1,442,643</u>	<u>\$5,006,692</u>
Liabilities				
Accounts Payable	\$45,219	\$0	\$8,994	\$54,213
Accrued Wages	131,580	0	33,259	164,839
Contracts Payable	37,960	22,134	12,399	72,493
Intergovernmental Payable	109,393	0	167,784	277,177
Matured Interest Payable	0	0	1,735	1,735
Accrued Interest Payable	0	49,350	0	49,350
Retainage Payable	0	15,396	3,912	19,308
Deferred Revenue	1,827,917	79,146	462,467	2,369,530
Notes Payable	0	2,720,000	0	2,720,000
<i>Total Liabilities</i>	<u>2,152,069</u>	<u>2,886,026</u>	<u>690,550</u>	<u>5,728,645</u>
Fund Balances				
Reserved for Encumbrances	19,265	194,768	6,419	220,452
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	371,280	0	0	371,280
Special Revenue Funds	0	0	738,929	738,929
Capital Projects Funds	0	(2,059,359)	6,745	(2,052,614)
<i>Total Fund Balances</i>	<u>390,545</u>	<u>(1,864,591)</u>	<u>752,093</u>	<u>(721,953)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,542,614</u>	<u>\$1,021,435</u>	<u>\$1,442,643</u>	<u>\$5,006,692</u>

See accompanying notes to the basic financial statements

City of Dover, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2004*

Total Governmental Fund Balances (\$721,953)

*Amounts reported for governmental activities in the
 statement of net assets are different because*

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds 8,145,260

Other long-term assets are not available to pay for current-
 period expenditures and therefore are deferred in the funds:

Property Taxes	31,945
Income Tax	619,604
Grants	603,835
Charges for Services	<u>47,089</u>

Total 1,302,473

An internal service fund is used by management to charge
 the costs of insurance to individual funds. The assets
 and liabilities of the internal service fund are included in
 governmental-type activities in the statement of net assets. (133,175)

An internal balance is recorded in governmental activities to
 reflect underpayments to the internal service fund by
 the business-type activities. 59,337

Accrued interest payable is not due and payable in the current
 period and therefore is not reported in the funds. (3,245)

Long-term liabilities are not due and payable in the current
 period and therefore are not reported in the funds:

Police and Fire Pension	(306,927)
Compensated Absences	<u>(897,897)</u>

Total (1,204,824)

Net Assets of Governmental Activities \$7,443,873

See accompanying notes to the basic financial statements

City of Dover, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General	Master Capital	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	\$918,221	\$0	\$138,560	\$1,056,781
Income Taxes	1,762,127	719,806	980,000	3,461,933
Intergovernmental	1,719,242	0	1,076,827	2,796,069
Interest	92,562	0	14,429	106,991
Fines, Licenses and Permits	50,067	0	3,175	53,242
Charges for Services	584,102	0	282,262	866,364
Other	60,266	40,719	31,782	132,767
<i>Total Revenues</i>	<u>5,186,587</u>	<u>760,525</u>	<u>2,527,035</u>	<u>8,474,147</u>
Expenditures				
Current:				
General Government	1,021,408	0	0	1,021,408
Security of Persons and Property	2,911,187	0	435,767	3,346,954
Transportation	0	0	914,163	914,163
Public Health Services	10,543	0	629,193	639,736
Community Environment	71,013	0	529,386	600,399
Basic Utility Services	459,082	0	0	459,082
Leisure Time Activities	566,443	0	0	566,443
Capital Outlay	0	1,071,535	195,528	1,267,063
Debt Service:				
Principal Retirement	0	0	4,858	4,858
Interest and Fiscal Charges	0	38,191	13,187	51,378
<i>Total Expenditures</i>	<u>5,039,676</u>	<u>1,109,726</u>	<u>2,722,082</u>	<u>8,871,484</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	146,911	(349,201)	(195,047)	(397,337)
Other Financing Uses				
Transfers Out	(677,583)	0	0	(677,583)
<i>Net Change in Fund Balances</i>	(530,672)	(349,201)	(195,047)	(1,074,920)
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 18)</i>	<u>921,217</u>	<u>(1,515,390)</u>	<u>947,140</u>	<u>352,967</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$390,545</u></u>	<u><u>(\$1,864,591)</u></u>	<u><u>\$752,093</u></u>	<u><u>(\$721,953)</u></u>

See accompanying notes to the basic financial statements

City of Dover, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2004*

Net Change in Fund Balances - Total Governmental Funds (\$1,074,920)

*Amounts reported for governmental activities in the
statement of activities are different because*

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Asset Additions	1,099,102	
Current Year Depreciation	<u>(429,226)</u>	
Total		669,876

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	9,700	
Income Tax	81,384	
Charges for Services	774	
Grants	<u>(30,116)</u>	
Total		61,742

Repayment of the police and fire pension liability is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 4,858

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 52

Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 159,894

The internal service funds used by management to charge the the cost of insurance to individual funds is not reported in the entity-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The change for governmental funds is reported for the year. (59,683)

Change in Net Assets of Governmental Activities (\$238,181)

See accompanying notes to the basic financial statements

City of Dover, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$1,010,000	\$926,100	\$918,221	(\$7,879)
Income Taxes	1,700,000	1,845,746	1,806,199	(39,547)
Intergovernmental	1,085,539	2,208,687	1,719,432	(489,255)
Interest	81,000	81,420	92,562	11,142
Fines, Licenses and Permits	38,000	38,100	50,145	12,045
Charges for Services	575,000	576,348	592,216	15,868
Other	45,232	45,232	64,038	18,806
<i>Total Revenues</i>	<u>4,534,771</u>	<u>5,721,633</u>	<u>5,242,813</u>	<u>(478,820)</u>
Expenditures				
Current:				
General Government	1,648,989	1,163,246	1,050,544	112,702
Security of Persons and Property	2,933,462	2,995,689	2,909,776	85,913
Public Health Services	11,500	11,500	10,543	957
Community Environment	74,520	75,820	70,027	5,793
Basic Utility Services	0	459,100	459,082	18
Leisure Time Activities	577,996	595,500	575,352	20,148
<i>Total Expenditures</i>	<u>5,246,467</u>	<u>5,300,855</u>	<u>5,075,324</u>	<u>225,531</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(711,696)	420,778	167,489	(253,289)
Other Financing Uses				
Transfers Out	0	(685,000)	(677,583)	7,417
<i>Net Change in Fund Balance</i>	(711,696)	(264,222)	(510,094)	(245,872)
<i>Fund Balance Beginning of Year</i>	829,098	829,098	829,098	0
Prior Year Encumbrances Appropriated	78,576	78,576	78,576	0
<i>Fund Balance End of Year</i>	<u>\$195,978</u>	<u>\$643,452</u>	<u>\$397,580</u>	<u>(\$245,872)</u>

See accompanying notes to the basic financial statements

City of Dover, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2004

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Sewer	Electric	Water	Total	
Assets					
<i>Current Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$2,585,903	\$1,708,478	\$1,061,915	\$5,356,296	\$6,265
Cash and Cash Equivalents					
With Fiscal Agents	39,037	7,208	18,876	65,121	0
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	0	564,647	299,010	863,657	0
Receivables:					
Accounts	400,287	1,914,082	314,133	2,628,502	0
Intergovernmental	2,621	0	0	2,621	0
Materials and Supplies Inventory	11,983	734,759	95,494	842,236	0
Prepaid Items	50,238	215,857	59,161	325,256	0
<i>Total Current Assets</i>	<u>3,090,069</u>	<u>5,145,031</u>	<u>1,848,589</u>	<u>10,083,689</u>	<u>6,265</u>
<i>Non-Current Assets:</i>					
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	0	1,839,021	225,079	2,064,100	0
Cash Equivalents Held by Trustee	0	841,508	557,252	1,398,760	0
Deferred Charges	8,280	172,224	167,089	347,593	0
Investment in Joint Venture	0	2,447,463	0	2,447,463	0
Land and Construction in Progress	557,128	6,661,350	178,874	7,397,352	0
Depreciable Capital Assets, Net	9,133,212	12,179,734	9,597,308	30,910,254	0
<i>Total Non-Current Assets</i>	<u>9,698,620</u>	<u>24,141,300</u>	<u>10,725,602</u>	<u>44,565,522</u>	<u>0</u>
<i>Total Assets</i>	<u>12,788,689</u>	<u>29,286,331</u>	<u>12,574,191</u>	<u>54,649,211</u>	<u>6,265</u>
Liabilities					
<i>Current Liabilities:</i>					
Accounts Payable	\$81,220	\$233,367	\$60,195	\$374,782	\$0
Accrued Wages	29,258	76,528	24,492	130,278	0
Contracts Payable	31,759	1,154,420	0	1,186,179	0
Intergovernmental Payable	43,846	137,861	34,176	215,883	0
Compensated Absences Payable	57,856	134,181	52,892	244,929	0
Matured Interest Payable	0	927	2,277	3,204	0
Accrued Interest Payable	30,927	38,725	0	69,652	0
Retainage Payable	39,037	6,281	16,599	61,917	0
Notes Payable	1,500,000	5,100,000	0	6,600,000	0
General Obligation Bonds Payable	100,000	0	0	100,000	0
Claims Payable	0	0	0	0	139,440
<i>Total Current Liabilities</i>	<u>1,913,903</u>	<u>6,882,290</u>	<u>190,631</u>	<u>8,986,824</u>	<u>139,440</u>
<i>Current Liabilities Payable from Restricted Assets:</i>					
Customer Deposits	0	70,397	0	70,397	0
Accrued Interest Payable	0	89,250	29,010	118,260	0
Revenue Bonds Payable	0	330,000	270,000	600,000	0
General Obligation Bonds Payable	0	75,000	0	75,000	0
<i>Total Current Liabilities Payable from Restricted Assets</i>	<u>0</u>	<u>564,647</u>	<u>299,010</u>	<u>863,657</u>	<u>0</u>
<i>Long-Term Liabilities:</i>					
Compensated Absences Payable (net of current portion)	126,984	235,415	140,892	503,291	0
General Obligation Payable (net of current portion)	490,000	150,000	0	640,000	0
Revenue Bonds Payable (net of current portion)	0	7,190,000	6,117,216	13,307,216	0
<i>Total Long-Term Liabilities</i>	<u>616,984</u>	<u>7,575,415</u>	<u>6,258,108</u>	<u>14,450,507</u>	<u>0</u>
<i>Total Liabilities</i>	<u>2,530,887</u>	<u>15,022,352</u>	<u>6,747,749</u>	<u>24,300,988</u>	<u>139,440</u>
Net Assets					
Invested in Capital Assets, Net of Related Debt	7,608,620	6,168,308	3,556,055	17,332,983	0
Restricted for:					
Debt Service	0	752,258	528,242	1,280,500	0
Replacement and Improvement	0	2,333,271	524,089	2,857,360	0
Unrestricted (Deficit)	2,649,182	5,010,142	1,218,056	8,877,380	(133,175)
<i>Total Net Assets (Deficit)</i>	<u>\$10,257,802</u>	<u>\$14,263,979</u>	<u>\$5,826,442</u>	<u>30,348,223</u>	<u>(\$133,175)</u>

Some amounts reported for business-type activities in the statement of net assets are different because they include accumulated overpayments to the internal service fund. (59,337)

Net assets of business-type activities \$30,288,886

See accompanying notes to the basic financial statements

City of Dover, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004*

	Business-Type	
	Sewer	Electric
Operating Revenues		
Charges for Services	\$2,429,520	\$13,166,406
Electric/Water Charges Pledged as Security for Revenue Bonds	0	779,705
Other	201,466	77,160
<i>Total Operating Revenues</i>	<u>2,630,986</u>	<u>14,023,271</u>
Operating Expenses		
Salaries and Wages	713,699	1,924,182
Fringe Benefits	338,012	923,226
Purchased Services	221,714	2,177,703
Materials and Supplies	100,155	1,994,374
Purchased Power	0	6,252,328
Depreciation	405,326	1,023,215
Claims	0	0
<i>Total Operating Expenses</i>	<u>1,778,906</u>	<u>14,295,028</u>
<i>Operating Income (Loss)</i>	<u>852,080</u>	<u>(271,757)</u>
Non-Operating Revenues (Expenses)		
Interest	1,448	28,247
Loss on Investment in Joint Venture	0	(128,103)
Interest and Fiscal Charges	(64,421)	(531,596)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(62,973)</u>	<u>(631,452)</u>
<i>Income (Loss) before Capital Contributions and Transfers</i>	789,107	(903,209)
Capital Contributions	8,166	0
Transfers In	0	677,583
<i>Change in Net Assets</i>	797,273	(225,626)
<i>Net Assets (Deficit) Beginning of Year - Restated (See Note 18)</i>	<u>9,460,529</u>	<u>14,489,605</u>
<i>Net Assets (Deficit) End of Year</i>	<u>\$10,257,802</u>	<u>\$14,263,979</u>

Some amounts reported for business-type activities in the statement of activities are different because a portion of the net expense of the internal service fund is reported with business-type activities.

Change in net assets of business-type activities

See accompanying notes to the basic financial statements

Activities		Governmental Activities - Internal Service Fund
Water	Total	
\$1,223,971	\$16,819,897	\$1,206,192
480,187	1,259,892	0
0	278,626	1,779
1,704,158	18,358,415	1,207,971
594,517	3,232,398	0
265,088	1,526,326	0
244,133	2,643,550	113,861
140,565	2,235,094	0
0	6,252,328	0
480,187	1,908,728	0
0	0	1,201,754
1,724,490	17,798,424	1,315,615
(20,332)	559,991	(107,644)
38,944	68,639	0
0	(128,103)	0
(843,174)	(1,439,191)	0
(804,230)	(1,498,655)	0
(824,562)	(938,664)	(107,644)
29,993	38,159	0
0	677,583	0
(794,569)	(222,922)	(107,644)
6,621,011		(25,531)
<u>\$5,826,442</u>		<u>(\$133,175)</u>
	(47,961)	
	<u>(\$270,883)</u>	

City of Dover, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Sewer	Electric	Water	Total	
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities					
Cash Received from Customers	\$2,461,575	\$14,186,103	\$1,757,825	\$18,405,503	\$0
Cash Received from Transactions with Other Funds	0	0	0	0	1,206,192
Other Cash Receipts	201,466	77,160	0	278,626	1,779
Electric Deposits Received	0	27,041	0	27,041	0
Cash Payments to Employees for Services	(1,069,550)	(2,913,521)	(877,761)	(4,860,832)	0
Cash Payments for Goods and Services	(329,722)	(10,457,026)	(383,086)	(11,169,834)	(113,861)
Electric Deposits Returned	0	(23,885)	0	(23,885)	0
Cash Payments for Claims	0	0	0	0	(1,125,334)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>1,263,769</u>	<u>895,872</u>	<u>496,978</u>	<u>2,656,619</u>	<u>(31,224)</u>
Cash Flows from Noncapital Financing Activities					
Transfers In	0	677,583	0	677,583	0
Cash Flows from Capital and Related Financing Activities					
Proceeds from Sale of Revenue Bonds	0	0	12,817	12,817	0
Proceeds from Sale of Notes	1,500,000	5,100,000	0	6,600,000	0
Principal Paid on Bonds	(95,000)	(390,000)	(270,000)	(755,000)	0
Interest Paid on Bonds	(48,634)	(469,328)	(264,467)	(782,429)	0
Tap-In Fees for Construction	8,166	0	29,993	38,159	0
Principal Paid on Notes	(750,000)	(5,100,000)	0	(5,850,000)	0
Interest Paid on Notes	(15,442)	(89,002)	0	(104,444)	0
Payments for Capital Acquisitions	(536,027)	(645,276)	(198,811)	(1,380,114)	0
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	<u>63,063</u>	<u>(1,593,606)</u>	<u>(690,468)</u>	<u>(2,221,011)</u>	<u>0</u>
Cash Flows from Investing Activities					
Interest on Investments	1,448	28,247	38,944	68,639	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	1,328,280	8,096	(154,546)	1,181,830	(31,224)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,296,660</u>	<u>4,952,766</u>	<u>2,316,678</u>	<u>8,566,104</u>	<u>37,489</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$2,624,940</u></u>	<u><u>\$4,960,862</u></u>	<u><u>\$2,162,132</u></u>	<u><u>\$9,747,934</u></u>	<u><u>\$6,265</u></u>

(continued)

City of Dover, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2004

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Sewer	Electric	Water	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	\$852,080	(\$271,757)	(\$20,332)	\$559,991	(\$107,644)
Adjustments:					
Depreciation	405,326	1,023,215	480,187	1,908,728	0
(Increase) Decrease in Assets:					
Accounts Receivable	32,458	273,388	53,667	359,513	0
Intergovernmental Receivable	(403)	0	0	(403)	0
Prepaid Items	(8,171)	59,174	(4,588)	46,415	0
Materials and Supplies Inventory	3,666	52,288	7,914	63,868	0
Increase (Decrease) in Liabilities:					
Accounts Payable	4,039	66,478	5,243	75,760	0
Contracts Payable	(6,745)	(240,268)	(6,891)	(253,904)	0
Accrued Wages	9,793	22,271	8,098	40,162	0
Compensated Absences Payable	(35,902)	(104,155)	(31,138)	(171,195)	0
Intergovernmental Payable	7,628	12,082	4,818	24,528	0
Customer Deposits	0	3,156	0	3,156	0
Claims Payable	0	0	0	0	76,420
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$1,263,769</u>	<u>\$895,872</u>	<u>\$496,978</u>	<u>\$2,656,619</u>	<u>(\$31,224)</u>

Noncash Capital Financing Activities:

During 2004, capital assets were donated to the governmental activities by the electric enterprise fund in the amount of \$97,931.

During 2004, noncash activity occurred in the water enterprise fund for a current debt refunding. Proceeds of bonds for \$5,785,000 were offset against principal payment (\$5,215,000), interest expense (\$360,278), bond discount (\$33,350) and issuance costs (\$176,372).

See accompanying notes to the basic financial statements

City of Dover, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2004

	Private Purpose Trust
Assets	
Equity in Pooled Cash and Cash Equivalents	\$203,897
Net Assets	
Held in Trust for Cemetery	\$203,897

See accompanying notes to the basic financial statements

City of Dover, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2004

	Private-Purpose Trust
Additions	
Charges for Services	\$18,585
Interest	2,324
<i>Total Additions</i>	20,909
Deductions	
Burial Expense	12,806
<i>Change in Net Assets</i>	8,103
<i>Net Assets Beginning of Year</i>	195,794
<i>Net Assets End of Year</i>	\$203,897

See accompanying notes to the basic financial statements

City of Dover, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 1 - Description of the City and Reporting Entity

The City of Dover (the "City") is a municipal corporation established and operated under the laws of the State of Ohio. Originally called Dover, the prefix "Canal" was added in 1807 by postal authorities to distinguish it from the Village of Dover in Cuyahoga County. Canal Dover was an appropriate name at this particular time due to the significance of the canal to the City's economic growth. This "canal town" was incorporated in 1842 and established as a city in 1901. By 1915, the City was officially referred to by its original name of "Dover."

The City is organized as a Mayor/Council form of government. The Mayor, Council, Auditor, Treasurer and Law Director are elected.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. The primary government provides the following services to its citizens: police and fire protection, parks and recreation, building inspection, street maintenance and repairs, water, electric, sewer and refuse collection. Council has direct responsibility for these activities.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board; and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organizations. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. There are no component units included as part of this report.

The City participates in the Community Improvement Corporation of Tuscarawas County, Tuscarawas County Regional Planning Commission, Southeastern Ohio Narcotics Team (SENT) and Ohio Mid-Eastern Governments Association (OMEGA) as jointly governed organizations and the Ohio Municipal Electric Generation Agency (JV2) joint venture. The City is also associated with the Ohio Association of Rural Water and Wastewater Systems Workers' Compensation Group Rating Plan, an insurance purchasing pool. These organizations are presented in Notes 15, 16 and 19 of the Basic Financial Statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City of Dover have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The entity has elected not to apply FASB pronouncements and Interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The most significant of the City's accounting policies are described below.

City of Dover, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

A. Basis of Presentation

The City's basic financial statements consist of government-wide 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 City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Master Capital Fund The capital improvement fund accounts for that portion of municipal income tax designated by Council for the purpose of improving, constructing, maintaining, and purchasing those items necessary to enhance the operation of the City.

City of Dover, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Sewer Fund The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Electric Fund The electric fund accounts for the provision of electric power service to the residents and commercial users located within the City.

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the City.

Internal Service Fund Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on a self-insurance program for employee medical benefits.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's only trust fund is a private-purpose trust fund established to account for the funds used for money held for individuals for their future burial costs.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Fund Net Assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

City of Dover, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Private purpose trust funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, the resources must also be available before they can be recorded as revenue. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2004, but which were levied to finance year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

City of Dover, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

E. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

During 2004, investments were limited to Federal Home Loan Bank Bonds, Star Public Funds Mutual Fund and STAROhio.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. The fair value of the mutual fund is determined by the fund's December 31, 2004, share price. Any increase or decrease in fair value is reported as a component of interest income.

The City of Dover has invested in the State Treasury Asset Reserve of Ohio (STAROhio) during 2004. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold at December 31, 2004.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest is distributed to the general fund, street maintenance and repair, cemetery and revolving loan special revenue funds, the master capital capital projects fund, the employee self-insurance internal service fund, the cemetery interment private-purpose trust fund, and the sewer, electric, and water enterprise funds. Interest revenue credited to the general fund during 2004 amounted to \$92,562 which includes \$84,920 assigned from other City funds.

The City utilizes a financial institution to service bonded debt as principal and interest payments come due. The balances in these accounts are presented on the financial statements as, "cash equivalents held by trustee." The City also uses a fiscal agent to hold retainage on construction contracts. The balances in these accounts are presented on the financial statements as "cash and cash equivalents with fiscal agents" and represent deposits or short-term investments in certificates of deposit. See Note 4, Deposits and Investments.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2004, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies.

City of Dover, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the water enterprise fund and the electric enterprise fund include cash and cash equivalents set aside to satisfy bond indenture requirements for construction, current and future debt payments and the replacement of capital assets originally acquired with bond proceeds. Electric customer deposits have also been restricted because the deposit remains the property of the customer. The restricted asset account is balanced by a customer deposits payable liability account.

I. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	45 years	45 years
Improvements other than Buildings	20 years	20-50 years
Machinery and Equipment	15 years	10-15 years
Furniture and Fixtures	6-20 years	20 years
Vehicles	6 years	6 years
Infrastructure	30-65 years	30-65 years

The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines. For 2001, the City reported governmental activities infrastructure for the first time. The City only reports the amounts acquired after 2000. The City plans to phase in the prior year amounts in future years.

City of Dover, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

J. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables.” Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due.

M. Fund Balance Reserves

Reserves represent those portions of fund equity not available for appropriation or legally segregated for a specific future use. Fund balance reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Fund balances are reserved for encumbrances.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$6,044,258 of restricted net assets, of which \$1,560,379 is restricted by enabling legislation.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

City of Dover, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for electric, waste water treatment, water services and self-insurance programs. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Q. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods 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 and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

S. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

T. 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 resolution, 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 Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level within each department. Any budgetary modifications at this level may only be made by resolution of City Council.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original

City of Dover, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by Council.

The appropriation resolution 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 resolution 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 Council during the year.

Note 3 - Budgetary Basis of Accounting

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	(\$530,672)
Net Adjustment for Revenue Accruals	56,226
Net Adjustment for Expenditure Accruals	13,103
Encumbrances	(48,751)
Budget Basis	<u><u>(\$510,094)</u></u>

Note 4 - Deposits and Investments

State statutes classify monies held by the City into three categories.

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

City of Dover, Ohio
Notes to the Basic Financial Statements
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Inactive deposits are public deposits that Council has 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.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities 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 that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligation of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAROhio).

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 City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

City of Dover, Ohio
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The following information classifies deposits and investments by categories or risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

Cash on Hand At year end, the City had \$123,726 in undeposited cash on hand which is included on the financial statements of the City as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits At year-end, the carrying amount of the City's deposits was \$5,785,545 and the bank balance was \$5,926,626. Of the bank balance:

1. \$581,224 was covered by federal depository insurance.
2. \$5,345,402 was uncollateralized and uninsured. Although the securities were held by the pledging financial institutions trust department or agent in the City's name and all State statutory requirements for the investment of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments The City's investments are required to be categorized to give an indication of the level or risk assumed by the City at year end. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name. STAROhio and Star Public Funds Mutual Fund are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying/ Fair Value
Investment in State		
Treasurer's Investment Pool		\$4,197,841
Federal Home Loan Bank Bonds	\$496,565	496,565
Star Public Funds		
Mutual Fund		1,398,760
Total Investments	\$496,565	\$6,093,166

The classification of cash and cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$12,002,437	\$0
Investments of the Cash Management Pool:		
STAR Ohio	(4,197,841)	4,197,841
Federal Home Loan Bank Bonds	(496,565)	496,565
Star Public Fund Mutual Fund	(1,398,760)	1,398,760
Cash on Hand	(123,726)	0
GASB Statement No. 3	\$5,785,545	\$6,093,166

City of Dover, Ohio
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Note 5 - Receivables

Receivables at December 31, 2004, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, accrued interest on investments and accounts (billings for utility service). All allowances for uncollectibles represent estimates of uncollectible receivables in the accounts receivable classification.

	Accounts Receivable	Allowance for Uncollectibles	Net Accounts Receivable
Governmental Type Activities	\$116,901	\$0	\$116,901
Business Type Activities	2,769,551	141,049	2,628,502

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2004 for real and public utility property taxes represents collections of the 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) are for 2004 taxes.

2004 real property taxes are levied after October 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2004 public utility property taxes which became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

2004 tangible personal property taxes are levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent for inventory.

The full tax rate for all City operations for the year ended December 31, 2004, was \$6.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	\$225,057,160
Tangible Personal Property	42,942,990
Public Utility Property	2,954,590
Total	\$270,954,740

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

City of Dover, Ohio
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For the Year Ended December 31, 2004

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Dover. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2004 and for which there is an enforceable legal claim. In the general fund and police and fire special revenue fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2004 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while on a modified accrual basis the revenue is deferred.

B. Income Taxes

The City levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency or business activities within the City. The City allows a credit of 100 percent for the income tax paid to another municipality, not to exceed one percent of taxable income, to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City ordinance, income tax proceeds, after income tax department expenditures, are credited to the following funds: Forty percent of the first \$2,000,000 to the master capital projects fund and the remaining balance divided between the cemetery special revenue fund, the street maintenance and repair special revenue fund, the police and fire pension special revenue fund and the general fund.

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	Amount
Governmental Activities	
Local Government and Local Government	
Revenue Assistance	\$351,299
Gasoline Tax	130,325
Estate Tax	143,978
Motor Vehicle Tax	15,454
Homestead and Rollback	55,706
Municipal Court Fines	1,402
Hotel/Motel Tax	447
<i>Total Governmental Activities</i>	\$698,611
Business-Type Activities	
Sewer	\$2,621

Note 6 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2004, the City contracted with The Travelers Company for boiler and machinery insurance. EMC covers the general liability and property insurance. Ohio Casualty covers electronic data processing, while police and professional

City of Dover, Ohio
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liability are protected by the Scottsdale/National Casualty with a \$1,000,000 limit and a \$5,000 deductible. An umbrella policy with Clarendon America covers a \$5,000,000 excess law enforcement liability.

Boiler and machinery deductible levels vary by object. Vehicles are covered by Westfield Companies Insurance Company and hold a \$250 deductible for comprehensive and collision. Automobile liability has a \$2,000,000 combined single limit of liability.

There has not been a significant reduction in coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years.

The City participates in the Ohio Association of Rural Water and Wastewater Systems Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (See Note 19). The intent of GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This equity pooling arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost controls, and actuarial services to the GRP.

The City has elected to provide employee medical/surgical benefits through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. A third-party administrator, Aultcare, Inc. located in Canton, Ohio, reviews all claims which are then paid by the City. An excess coverage insurance policy covers claims in excess of \$65,000 per employee and an aggregate of \$1,243,163 per year. The City pays into the self-insurance internal service fund \$600 family coverage or \$300 individual coverage per employee per month which represents the entire premium required. In 2003, a resolution was adopted which allows an additional \$100 premium to be paid for each employee monthly on an as needed basis. This premium is paid by the fund that pays the salary of the employee and is based on historic cost information.

The claims liability of \$139,440 reported in the fund at December 31, 2004, was estimated by a third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expense and does not include allocated or unallocated claims adjustment expenses. Changes in the fund's claims liability amount in 2003 and 2004 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2003	\$62,583	\$1,028,277	\$1,027,840	\$63,020
2004	63,020	1,201,754	1,125,334	139,440

City of Dover, Ohio
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For the Year Ended December 31, 2004

Note 7 - Contingent Liabilities

A. Litigation

The City management is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

B. Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2004, the audits of certain of these programs have not been completed. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

Note 8 - Capital Assets

Capital asset activity for the year ended December 31, 2004, was as follows:

	Balance 12/31/03	Additions	Deductions	Balance 12/31/04
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$851,930	\$0	\$0	\$851,930
Capital Assets, being Depreciated				
Buildings	2,031,418	85,323	0	2,116,741
Improvements Other Than Buildings	782,922	136,681	0	919,603
Equipment and Machinery	2,051,859	183,812	(9,737)	2,225,934
Furniture and Fixtures	59,412	0	0	59,412
Vehicles	2,104,691	188,177	(73,405)	2,219,463
Infrastructure	3,235,542	505,109	0	3,740,651
Total Capital Assets, being Depreciated	<u>10,265,844</u>	<u>1,099,102</u>	<u>(83,142)</u>	<u>11,281,804</u>
Less Accumulated Depreciation:				
Buildings	(575,691)	(43,559)	0	(619,250)
Improvements Other Than Buildings	(457,452)	(26,838)	0	(484,290)
Equipment and Machinery	(1,180,524)	(111,500)	9,737	(1,282,287)
Furniture and Fixtures	(39,264)	(2,250)	0	(41,514)
Vehicles	(1,279,883)	(174,213)	73,405	(1,380,691)
Infrastructure	(109,576)	(70,866)	0	(180,442)
Total Accumulated Depreciation	<u>(3,642,390)</u>	<u>(429,226) *</u>	<u>83,142</u>	<u>(3,988,474)</u>
Total Capital Assets, being Depreciated, net	<u>6,623,454</u>	<u>669,876</u>	<u>0</u>	<u>7,293,330</u>
Governmental Activities Capital Assets, Net	<u>\$7,475,384</u>	<u>\$669,876</u>	<u>\$0</u>	<u>\$8,145,260</u>

City of Dover, Ohio
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	Balance 12/31/03	Additions	Deductions	Balance 12/31/04
Business-Type Activities				
Capital Assets, not being depreciated:				
Land	\$410,386	\$0	\$0	\$410,386
Construction in Progress	6,417,777	569,189	0	6,986,966
Total Capital Assets, not being Depreciated	<u>6,828,163</u>	<u>569,189</u>	<u>0</u>	<u>7,397,352</u>
Capital Assets, being Depreciated				
Buildings	16,762,654	169,451	0	16,932,105
Equipment and Machinery	19,930,326	49,163	(25,295)	19,954,194
Furniture and Fixtures	114,533	0	0	114,533
Vehicles	1,475,484	135,960	(91,133)	1,520,311
Infrastructure	24,958,341	331,953	(123,656)	25,166,638
Total Capital Assets, being Depreciated	<u>63,241,338</u>	<u>686,527</u>	<u>(240,084)</u>	<u>63,687,781</u>
Less Accumulated Depreciation:				
Buildings	(3,916,033)	(365,968)	0	(4,282,001)
Equipment and Machinery	(15,508,812)	(730,908)	25,295	(16,214,425)
Furniture and Fixtures	(52,916)	(5,542)	0	(58,458)
Vehicles	(1,147,906)	(124,131)	91,133	(1,180,904)
Infrastructure	<u>(10,483,216)</u>	<u>(682,179)</u>	<u>123,656</u>	<u>(11,041,739)</u>
Total Accumulated Depreciation	<u>(31,108,883)</u>	<u>(1,908,728) *</u>	<u>240,084</u>	<u>(32,777,527)</u>
Total Capital Assets, being Depreciated, net	<u>32,132,455</u>	<u>(1,222,201)</u>	<u>0</u>	<u>30,910,254</u>
Business-Type Activities Capital Assets, Net	<u>\$38,960,618</u>	<u>(\$653,012)</u>	<u>\$0</u>	<u>\$38,307,606</u>

* Depreciation expense was charged to the governmental and business-type activities as follows:

General Government	\$20,390
Security of Persons and Property	191,914
Transportation	157,208
Public Health Services	15,277
Leisure Time Activities	44,172
Community Environment	265
Total Governmental Depreciation Expense	<u>\$429,226</u>

Note 9 – Other Employee Benefits

A. *Compensated Absences*

Vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Vacation accumulation is limited to the amount earned in one year. All accumulated unused vacation time is paid upon termination of employment.

Employees earn sick leave at different rates depending upon type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee can be paid a maximum of 960 hours of accumulated, unused sick leave, except fire department employees, who can receive a maximum of 1520 hours.

City of Dover, Ohio
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B. Life Insurance

The City provides life insurance and accidental death and dismemberment insurance to its employees through Standard Insurance.

Note 10 - Long-Term Debt

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
Business-Type Activities			
Waterworks System Revenue Bonds - 1994	4.25-6.17%	\$6,430,000	December 1, 2020
Waterworks System Refunding Revenue Bonds - 2004	2.0-4.5	5,785,000	December 1, 2022
Waterworks System Revenue Improvement Bonds - 2003	2.0-4.5	805,000	December 1, 2022
Municipal Electric System Revenue Bonds - 1995	4.4-6.0	10,075,000	December 1, 2019
Electric North Substation General Obligation Bonds - 1987	6	1,500,000	December 1, 2007
Sewer System Improvement General Obligation Bonds - 1989	7.02	1,500,000	December 1, 2009

A schedule of changes in bonds and other long-term obligations of the City during 2004 follows:

	Amount			Amount	Amounts
	Outstanding			Outstanding	Due in
	12/31/03	Additions	Deletions	12/31/04	One Year
Governmental Activities					
Police and Fire Pension	\$311,785	\$0	\$4,858	\$306,927	\$5,066
Compensated Absences	1,057,791	118,702	278,596	897,897	262,632
Total Governmental Activities	<u>\$1,369,576</u>	<u>\$118,702</u>	<u>\$283,454</u>	<u>\$1,204,824</u>	<u>\$267,698</u>
Business-Type Activities					
<u>Revenue Bonds</u>					
Waterworks System	\$5,215,000	\$0	\$5,215,000	\$0	\$0
Waterworks System Refunding	0	5,785,000	237,018	5,547,982	237,018
Discount	0	(33,350)	(1,755)	(31,595)	0
Accounting Loss	0	104,300	5,489	98,811	0
Waterworks System Improvement	805,000	0	32,982	772,018	32,982
Municipal Electric System	7,835,000	0	315,000	7,520,000	330,000
Total Revenue Bonds	<u>13,855,000</u>	<u>5,855,950</u>	<u>5,803,734</u>	<u>13,907,216</u>	<u>600,000</u>
<u>General Obligation Bonds</u>					
Electric North Substation	300,000	0	75,000	225,000	75,000
Sewer System Improvement	685,000	0	95,000	590,000	100,000
Total General Obligation Bonds	<u>985,000</u>	<u>0</u>	<u>170,000</u>	<u>815,000</u>	<u>175,000</u>
Compensated Absences	919,415	177,783	348,978	748,220	244,929
Total Business-Type Activities	<u>\$15,759,415</u>	<u>\$6,033,733</u>	<u>\$6,322,712</u>	<u>\$15,470,436</u>	<u>\$1,019,929</u>

The revenue bonds and the general obligation bonds will be paid from charges for services revenue in the enterprise funds. The police and fire pension liability will be paid from taxes received in the police and fire pension special revenue fund.

City of Dover, Ohio
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For the Year Ended December 31, 2004

Compensated absences will be paid from the general fund, the street maintenance and repair special revenue fund, and the sewer, electric and water enterprise funds.

Revenue Bonds

In 1994, the City issued \$6,430,000 in Waterworks System Revenue Bonds with interest rates varying from 4.25 percent to 6.17 percent. Proceeds were used to improve the municipal water system. The revenue bonds included serial and term bonds. The City current refunded these bonds in 2004.

In 2004, the City issued \$5,785,000 in Waterworks System Refunding Revenue Bonds with interest rates varying from 2.0 percent to 4.5 percent. Proceeds were used to current refund the \$5,215,000 current outstanding waterworks system revenue bonds. The bonds were callable at 102 percent. The revenue bonds are serial bonds. The bonds maturing on or after December 1, 2014 are subject to early redemption, at the sole option of the City, either in whole on any date or in part on any interest payment date, on or after December 1, 2014, in multiples of \$5,000, at the following redemption prices plus accrued interest:

Redemption Dates	Redemption Prices
December 1, 2013 and thereafter	100 percent

The current refunding resulted in a difference between the reacquisition price and net carrying amount of the old debt of \$104,300. This difference, being reported as a liability in the accompanying financial statements, is being charged to operations through year 2022 using the straight-line method. The City decreased its total debt service payments by \$91,202 as a result of the refunding. They also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$228,286.

Restricted assets relating to the water revenue bonds at December 31, 2004, were as follows:

Restricted Assets Held by City	
Replacement and Improvement	\$524,089
Restricted Assets Held by the Trustee	
Revenue Bond Current Debt Service	\$557,252

In 2003, the City issued \$805,000 in Waterworks System Improvement Revenue Bonds with interest rates varying from 2.0 percent to 4.5 percent. Proceeds were used to improve the municipal water system. The revenue bonds are serial bonds. The bonds maturing on or after December 1, 2014 are subject to early redemption, at the sole option of the City, either in whole on any date or in part on any interest payment date, on or after December 1, 2014, in multiples of \$5,000, at the following redemption prices plus accrued interest:

Redemption Dates	Redemption Prices
December 1, 2013 and thereafter	100 percent

In 1995, the City issued \$10,075,000 in Municipal Electric System Revenue Bonds with interest rates varying from 4.40 percent to 6.00 percent. Proceeds were used to improve the municipal electric system. The revenue bonds include serial and term bonds. The term bonds have annual mandatory sinking fund redemption requirements and there are optional redemption provisions for the serial bonds. The term

City of Dover, Ohio
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For the Year Ended December 31, 2004

bonds mature in 2014 and 2019 in the amounts of \$2,430,000 and \$3,250,000, respectively, at a redemption price equal to 100 percent of the principal plus accrued interest to the redemption date. The bonds maturing on or after December 1, 2006 are subject to early redemption, at the sole option of the City, either in whole on any date or in part on any interest payment date, on or after December 1, 2005, in multiples of \$5,000, at the following redemption prices plus accrued interest:

Redemption Dates	Redemption Prices
December 1, 2005 through November 30, 2006	101 percent
December 1, 2006 and thereafter	100 percent

Restricted assets relating to the electric revenue bonds at December 31, 2004, were as follows:

Restricted Assets Held by City	
Replacement and Improvement	\$2,333,271
Restricted Assets Held by the Trustee	
Revenue Bond Current Debt Service	\$841,508

As of December 31, 2004, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$25,730,248 and the unvoted legal debt margin was \$12,182,511. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2004 are as follows:

Year Ending December 31	Waterworks System Revenue Bonds		Municipal Electric System Revenue Bonds		Electric General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$270,000	\$229,076	\$330,000	\$440,640	\$75,000	\$13,500
2006	275,000	223,676	350,000	423,315	75,000	9,000
2007	280,000	218,176	365,000	404,590	75,000	4,500
2008	285,000	211,877	385,000	384,515	0	0
2009	290,000	204,609	410,000	362,955	0	0
2010-2014	1,605,000	877,119	2,430,000	1,426,010	0	0
2015-2019	1,955,000	542,228	3,250,000	608,100	0	0
2019-2022	1,360,000	119,387	0	0	0	0
Total	\$6,320,000	\$2,626,148	\$7,520,000	\$4,050,125	\$225,000	\$27,000

City of Dover, Ohio
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For the Year Ended December 31, 2004

Year Ending December 31	Sewer General Obligation Bonds		Police and Fire Pension	
	Principal	Interest	Principal	Interest
2005	\$100,000	\$41,890	\$5,066	\$12,979
2006	110,000	34,790	5,284	12,761
2007	120,000	26,980	5,511	12,534
2008	125,000	18,460	5,747	12,298
2009	135,000	9,586	5,995	12,298
2010-2014	0	0	34,065	56,160
2015-2019	0	0	42,036	48,189
2020-2024	0	0	51,872	38,353
2025-2029	0	0	64,012	26,213
2030-2034	0	0	78,991	11,234
2035	0	0	8,348	171
Total	\$590,000	\$131,706	\$306,927	\$243,190

Note 11 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The City of Dover 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.

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 year ended December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2004 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$502,381, \$442,748, and \$429,143 respectively; 73 percent has been contributed for 2004 and 100 percent for 2003 and 2002. Contributions to the member-directed plan for 2004 were \$352 made by the City and \$221 made by the plan members.

City of Dover, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$121,266 and \$150,904 for the year ended December 31, 2004, \$120,170 and \$148,717 for the year ended December 31, 2003 and \$107,307 and \$141,610 for the year ended December 31, 2002. The full amount has been contributed for 2003 and 2002. 69 percent and 73 percent has been contributed for 2004.

In addition to the current contribution, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. As of December 31, 2004, the unfunded liability of the City was \$306,927 payable in semiannual payments through the year 2035. This is an accounting liability of the City which will not vary.

Note 12 - 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 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 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, 2003, include a rate of return on investments of 8.00 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 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight 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.

City of Dover, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 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.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2004 and 2003. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2004 that were used to fund postemployment benefits were \$79,984 for police and \$71,970 for firefighters. The OP&F's total health care expense for the year ended December 31, 2003, (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

City of Dover, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 13 - Notes Payable

A summary of the note transactions for the year ended December 31, 2004, follows:

	Outstanding 12/31/03	Issued	Retired	Outstanding 12/31/04
Governmental Activities:				
1.75% Dry Hollow	\$1,895,000	\$1,895,000	\$1,895,000	\$1,895,000
1.75% Walnut Street Bridge	300,000	300,000	300,000	300,000
1.75% Harger Street	150,000	150,000	150,000	150,000
1.75% Route 39 Expansion	270,000	270,000	270,000	270,000
1.75% Dover Amory	20,000	20,000	20,000	20,000
1.75% Land Acquisition	85,000	85,000	85,000	85,000
<i>Total Governmental Activities</i>	<u>2,720,000</u>	<u>2,720,000</u>	<u>2,720,000</u>	<u>2,720,000</u>
Business Type Activities:				
1.75% Municipal Electric	3,500,000	3,500,000	3,500,000	3,500,000
1.75% Electric JV2	1,600,000	1,600,000	1,600,000	1,600,000
1.75% Municipal Sewer	100,000	100,000	100,000	100,000
2.10% Municipal Sewer	0	850,000	0	850,000
1.75% Municipal Sewer	650,000	550,000	650,000	550,000
<i>Total Business Type Activities</i>	<u>5,850,000</u>	<u>6,600,000</u>	<u>5,850,000</u>	<u>6,600,000</u>
Total	<u><u>\$8,570,000</u></u>	<u><u>\$9,320,000</u></u>	<u><u>\$8,570,000</u></u>	<u><u>\$9,320,000</u></u>

The notes outstanding at year end for \$1,895,000 and \$150,000 were used for storm sewer projects. The \$20,000 and \$85,000 notes were used for tennis courts and land, respectively. The \$270,000 and \$300,000 notes were used for bridge construction.

The municipal electric note was used to build a substation and various electric improvements. The \$1,600,000 note was used for the investment in the JV2 joint venture. The municipal sewer note was issued for a sludge press and various sanitary sewer improvements.

All note proceeds had been spent at December 31, 2004. All of the notes are bond anticipation notes, are backed by the full faith and credit of the City, and mature within one year. The note liability is reflected in the fund which received the proceeds and will repay the debt.

Note 14 - Interfund Balances and Transfers

Interfund transfers for the year ended December 31, 2004, consisted of the following:

Transfer to	Transfer From General
Electric	\$677,583

\$677,583 was transferred from the general fund to the electric fund to give back part of the kilowatt per hour tax. During 2004, the electric enterprise fund bought capital assets for the governmental funds in the amount of \$97,931 and is reflected on the Statement of Activities as a transfer into the governmental activities and a transfer out of the business-type activities.

Note 15 – Jointly Governed Organizations

A. Community Improvement Corporation of Tuscarawas County

The City is associated with the Community Improvement Corporation of Tuscarawas County as a Jointly Governed Organization. The Corporation is operated by Tuscarawas County, New Philadelphia, Dover, Uhrichsville, Dennison, Strasburg, Sugarcreek and Gnadenuhnten. It is controlled by 25 trustees consisting of the three County Commissioners, the mayor of each participating city and fifteen elected trustees. The board exercises total control over the operation of the corporation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the board. In 2004, no monies were contributed by the City.

B. Tuscarawas County Regional Planning Commission

The City 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. Of the 61 members, the City appoints three. 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, economic and governmental characteristics, functions and services of the county. In 2004, the City contributed \$1,221 which represents 1.40 percent of total contributions.

C. Southeastern Ohio Narcotics Team (S.E.N.T)

The City is associated with the Southeastern Ohio Narcotics Team (S.E.N.T.) as a Jointly Governed Organization. S.E.N.T. is a multi-jurisdictional drug task force with the primary goal of combating major narcotics traffickers in Guernsey, Monroe and Tuscarawas Counties. It is jointly governed among the participating counties and cities. A grant is received from the State of Ohio of which the participating entities must match 25 percent. Of the 11 member governing board, the City appoints one. Each participant's control over the operation of S.E.N.T. is limited to its representation on the board. In 2004, the City contributed \$3,663 which represents 1.9 percent of total contributions.

D. Ohio Mid-Eastern Governments Association (OMEGA)

The City is associated with the Ohio Mid-Eastern Governments Association (OMEGA), which is a ten county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum and Tuscarawas counties. OMEGA was formed to aid and assist the participating counties and political subdivisions within the counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a seventeen member executive board comprised of members appointed from each participating county and cities within each county. City membership is voluntary. The mayor of the City of Dover serves as the City's representative on the board. The board has total control over budgeting, personnel and financial matters. Each member currently pays a per capita membership fee based on the most recent United States census. During 2004, OMEGA received \$1,709 from the City of Dover for an annual fee. OMEGA has no outstanding debt.

Note 16 – Joint Venture

Ohio Municipal Electric Generation Agency Joint Venture (JV2)

The City is a participant with 36 subdivisions within the State of Ohio in a joint venture to secure distributive generation resources to provide power and energy during times of high power prices or transmission constraints limiting power availability. The Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2) was created for that purpose. On dissolution of the joint venture, the net assets of JV2 will be shared by the participants on a percentage basis. The JV2 is managed by AMP-Ohio, who acts as the joint venture's agent. The participants are obligated by the agreement to remit monthly for operating expenses and demand costs. In accordance with the agreement, the City remitted \$3,057,810 to the joint venture for 2001. The City's net investment and its share of the operating results of JV2 are reported in the City's electric enterprise fund. The City's equity interest in JV2 was \$2,447,463 at December 31, 2004. Financial information can be obtained from AMP-Ohio, 2600 Airport Drive, Columbus, Ohio 43219, or from the City's utility department.

Note 17 – Accountability

At December 31, 2004, the police and fire pension special revenue fund and the master capital projects fund had a deficit fund balances of \$74,427 and \$1,864,591, respectively. The deficit in the special revenue fund is caused by the application of generally accepted accounting principles to this fund. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The deficit in the capital projects fund arose from the requirement to report bond anticipation note liabilities in the fund which received the note proceeds. The deficit will be alleviated when the bonds are issued or the notes are paid.

At December 31, 2004, the employee health insurance internal service fund had deficit net assets in the amount of \$133,175. Management is currently analyzing the operations of this fund to determine appropriate action to alleviate the deficit.

Note 18 – Restatement of Prior Year Balances

For 2004, the City has implemented GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers."

GASB Statement No. 46 clarifies how enabling legislation should be defined for determining restricted net assets.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement No. 46 did not affect the presentation of the financial statements of the City. The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on the fund balance of the major and nonmajor funds of the City as they were previously reported as of December 31, 2004. Notes payable were improperly recorded between governmental and business type activities in the prior year.

City of Dover, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

	General	Master Capital	Nonmajor	Total
Fund Balances, December 31, 2003	\$959,070	(\$1,615,390)	\$1,087,478	\$431,158
Technical Bulletin No. 2004-2	(37,853)	0	(140,338)	(178,191)
Notes Payable	0	100,000	0	100,000
Adjusted Fund Balance, December 31, 2003	<u>\$921,217</u>	<u>(\$1,515,390)</u>	<u>\$947,140</u>	<u>\$352,967</u>

	Sewer	Electric	Water	Total
Net Assets, December 31, 2003	\$9,560,529	\$14,489,605	\$6,621,011	\$30,671,145
Notes Payable	(100,000)	0	0	(100,000)
Adjusted Net Assets, December 31, 2003	<u>\$9,460,529</u>	<u>\$14,489,605</u>	<u>\$6,621,011</u>	<u>\$30,571,145</u>

	Governmental Activities	Business-Type Activities	Total
Net Assets, December 31, 2003	\$7,582,054	\$30,659,769	\$38,241,823
Notes Payable	100,000	(100,000)	0
Adjusted Net Assets, December 31, 2003	<u>\$7,682,054</u>	<u>\$30,559,769</u>	<u>\$38,241,823</u>

Note 19 – Insurance Purchasing Pool

Ohio Association of Rural Water and Wastewater Systems Workers’ Compensation Group Rating Plan

The Ohio Association of Rural Water and Wastewater Systems Workers’ Compensation Group Rating Plan has created a group insurance pool for the purpose of creating a group rating plan for workers’ compensation. The governing body is comprised of the members who have been appointed by the respective governing body of each member.

The intent of the pool is to achieve a reduced rate for the City and the other group members. The injury claim history of all participating members is used to calculate a common rate for the group. An annual fee is paid to Comp Management, Inc. to administer the group and to manage any injury claims. Premium savings created by the group are prorated to each member entity annually based on its payroll percent of the group.

Combining Statements and Individual Fund Schedules

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specific purposes.

Street Maintenance and Repair Fund - Required by the Ohio Revised Code to account for State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

State Highway Fund - Required by the Ohio Revised Code to account for State gasoline tax and motor vehicle registration fees designated for maintenance of State highways within the City.

Police and Fire Pension Fund - To account for property taxes levied for the payment of the current and accrued liability for police and firemen's disability and pension benefits.

Ambulance Fund - To account for monies collected from the use of the ambulance by the citizens of Dover and Dover Township.

Cemetery Fund - To account for revenue from the sale of plots and interest used for the care and upkeep of the cemetery.

Revolving Loan Fund - To account for initial loans made by the City to local businesses and subsequent repayment of these loans.

Drug Law Enforcement Fund - To account for monies from mandatory fines for trafficking offenses to be used for the investigation and prosecution of drug cases.

Law Enforcement Block Grant Fund - To account for grant monies to be used for upgrades to police computer systems.

Enforcement and Education Fund - To account for monies received from convictions of alcohol related cases used for the education of the community at large.

Shade Tree Fund - This fund was established so that individuals or organizations could donate money for the purpose of planting trees.

Nonmajor Debt Service Fund

Debt service funds are used to account for the accumulation for resources for, and the payment of, general long-term principal, interest and related costs.

Debt Service Fund - To account for matured interest payable on past bond coupons held by a fiscal agent. This fund has no budgetary activity for 2004.

Nonmajor Capital Projects Fund

Capital projects funds are established to account for financial resources to be used for the construction or acquisition of major capital facilities (other than those financed by proprietary funds.)

Small Cities Block Grant Fund - To account for monies received from the State government, distributed by the County, under the Community Development Block Grant program for street repairs and replacements.

CHIP Fund - To account for monies received from the Ohio Regional Development for low income renovations and downpayments.

City of Dover, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$758,985	\$0	\$6,745	\$765,730
Cash and Cash Equivalents With Fiscal Agents	3,912	1,735	0	5,647
Materials and Supplies Inventory	74,139	0	0	74,139
Accounts Receivable	47,089	0	0	47,089
Intergovernmental Receivable	154,008	0	0	154,008
Prepaid Items	3,560	0	0	3,560
Income Tax Receivable	250,009	0	0	250,009
Property Taxes Receivable	142,461	0	0	142,461
<i>Total Assets</i>	<u>\$1,434,163</u>	<u>\$1,735</u>	<u>\$6,745</u>	<u>\$1,442,643</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$8,994	\$0	\$0	\$8,994
Accrued Wages	33,259	0	0	33,259
Contracts Payable	12,399	0	0	12,399
Intergovernmental Payable	167,784	0	0	167,784
Matured Interest Payable	0	1,735	0	1,735
Retainage Payable	3,912	0	0	3,912
Deferred Revenue	462,467	0	0	462,467
<i>Total Liabilities</i>	<u>688,815</u>	<u>1,735</u>	<u>0</u>	<u>690,550</u>
Fund Balances				
Reserved for Encumbrances	6,419	0	0	6,419
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	738,929	0	0	738,929
Capital Projects Funds	0	0	6,745	6,745
<i>Total Fund Balances</i>	<u>745,348</u>	<u>0</u>	<u>6,745</u>	<u>752,093</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,434,163</u>	<u>\$1,735</u>	<u>\$6,745</u>	<u>\$1,442,643</u>

City of Dover, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues			
Property and Other Local Taxes	\$138,560	\$0	\$138,560
Income Taxes	980,000	0	980,000
Intergovernmental	874,554	202,273	1,076,827
Interest	14,429	0	14,429
Fines, Licenses and Permits	3,175	0	3,175
Charges for Services	282,262	0	282,262
Other	31,782	0	31,782
<i>Total Revenues</i>	<u>2,324,762</u>	<u>202,273</u>	<u>2,527,035</u>
Expenditures			
Current:			
Security of Persons and Property	435,767	0	435,767
Transportation	914,163	0	914,163
Public Health Services	629,193	0	629,193
Community Environment	529,386	0	529,386
Capital Outlay	0	195,528	195,528
Debt Service:			
Principal Retirement	4,858	0	4,858
Interest and Fiscal Charges	13,187	0	13,187
<i>Total Expenditures</i>	<u>2,526,554</u>	<u>195,528</u>	<u>2,722,082</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(201,792)	6,745	(195,047)
<i>Fund Balances Beginning of Year</i>	<u>947,140</u>	<u>0</u>	<u>947,140</u>
<i>Fund Balances End of Year</i>	<u>\$745,348</u>	<u>\$6,745</u>	<u>\$752,093</u>

City of Dover, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004

	Street Maintenance and Repair	State Highway	Police and Fire Pension	Ambulance	Cemetery
Assets					
Equity in Pooled Cash and Cash Equivalents	\$66,620	\$19,116	\$7,543	\$38,002	\$590,763
Cash and Cash Equivalents					
With Fiscal Agents	3,912	0	0	0	0
Materials and Supplies Inventory	74,139	0	0	0	0
Accounts Receivable	0	0	0	47,089	0
Intergovernmental Receivable	135,027	10,752	8,041	0	0
Prepaid Items	0	0	0	292	3,268
Income Tax Receivable	95,632	0	79,238	0	75,139
Property Taxes Receivable	0	0	142,461	0	0
<i>Total Assets</i>	<u>\$375,330</u>	<u>\$29,868</u>	<u>\$237,283</u>	<u>\$85,383</u>	<u>\$669,170</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$6,498	\$0	\$0	\$0	\$2,496
Accrued Wages	18,231	0	0	0	15,028
Contracts Payable	6,257	6,142	0	0	0
Intergovernmental Payable	30,101	0	121,970	0	15,713
Retainage Payable	3,912	0	0	0	0
Deferred Revenue	168,138	7,361	189,740	47,089	50,139
<i>Total Liabilities</i>	<u>233,137</u>	<u>13,503</u>	<u>311,710</u>	<u>47,089</u>	<u>83,376</u>
Fund Balances					
Reserved for Encumbrances	0	0	0	6,419	0
Unreserved (Deficit)	142,193	16,365	(74,427)	31,875	585,794
<i>Total Fund Balances</i>	<u>142,193</u>	<u>16,365</u>	<u>(74,427)</u>	<u>38,294</u>	<u>585,794</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$375,330</u>	<u>\$29,868</u>	<u>\$237,283</u>	<u>\$85,383</u>	<u>\$669,170</u>

Revolving Loan	Drug Law Enforcement	Law Enforcement Block Grant	Enforcement and Education	Shade Tree	Total Nonmajor Special Revenue Funds
\$7,771	\$12,485	\$427	\$13,349	\$2,909	\$758,985
0	0	0	0	0	3,912
0	0	0	0	0	74,139
0	0	0	0	0	47,089
0	0	0	188	0	154,008
0	0	0	0	0	3,560
0	0	0	0	0	250,009
0	0	0	0	0	142,461
<u>\$7,771</u>	<u>\$12,485</u>	<u>\$427</u>	<u>\$13,537</u>	<u>\$2,909</u>	<u>\$1,434,163</u>
\$0	\$0	\$0	\$0	\$0	\$8,994
0	0	0	0	0	33,259
0	0	0	0	0	12,399
0	0	0	0	0	167,784
0	0	0	0	0	3,912
0	0	0	0	0	462,467
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>688,815</u>
0	0	0	0	0	6,419
<u>7,771</u>	<u>12,485</u>	<u>427</u>	<u>13,537</u>	<u>2,909</u>	<u>738,929</u>
<u>7,771</u>	<u>12,485</u>	<u>427</u>	<u>13,537</u>	<u>2,909</u>	<u>745,348</u>
<u>\$7,771</u>	<u>\$12,485</u>	<u>\$427</u>	<u>\$13,537</u>	<u>\$2,909</u>	<u>\$1,434,163</u>

City of Dover, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004

	Street Maintenance and Repair	State Highway	Police and Fire Pension	Ambulance	Cemetery
Revenues					
Property and Other Local Taxes	\$0	\$0	\$138,560	\$0	\$0
Income Taxes	370,000	0	330,000	0	280,000
Intergovernmental	542,494	31,404	15,651	0	0
Interest	833	261	0	0	12,207
Fines, Licenses and Permits	12	0	0	0	0
Charges for Services	0	0	0	164,803	117,459
Other	432	12,633	0	0	0
<i>Total Revenues</i>	<u>913,771</u>	<u>44,298</u>	<u>484,211</u>	<u>164,803</u>	<u>409,666</u>
Expenditures					
Current:					
Security of Persons and Property	0	0	431,869	0	0
Transportation	876,313	37,850	0	0	0
Public Health Services	0	0	0	234,168	395,025
Community Environment	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	4,858	0	0
Interest and Fiscal Charges	0	0	13,187	0	0
<i>Total Expenditures</i>	<u>876,313</u>	<u>37,850</u>	<u>449,914</u>	<u>234,168</u>	<u>395,025</u>
<i>Net Change in Fund Balances</i>	37,458	6,448	34,297	(69,365)	14,641
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>104,735</u>	<u>9,917</u>	<u>(108,724)</u>	<u>107,659</u>	<u>571,153</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$142,193</u></u>	<u><u>\$16,365</u></u>	<u><u>(\$74,427)</u></u>	<u><u>\$38,294</u></u>	<u><u>\$585,794</u></u>

Revolving Loan	Drug Law Enforcement	Law Enforcement Block Grant	Enforcement and Education	Shade Tree	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$138,560
0	0	0	0	0	980,000
285,005	0	0	0	0	874,554
1,128	0	0	0	0	14,429
0	0	0	3,163	0	3,175
0	0	0	0	0	282,262
18,321	0	0	396	0	31,782
304,454	0	0	3,559	0	2,324,762
0	0	0	3,898	0	435,767
0	0	0	0	0	914,163
0	0	0	0	0	629,193
529,386	0	0	0	0	529,386
0	0	0	0	0	4,858
0	0	0	0	0	13,187
529,386	0	0	3,898	0	2,526,554
(224,932)	0	0	(339)	0	(201,792)
232,703	12,485	427	13,876	2,909	947,140
\$7,771	\$12,485	\$427	\$13,537	\$2,909	\$745,348

City of Dover, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004

	Small Cities Block Grant	CHIP	Total Nonmajor Capital Projects Funds
Revenues			
Intergovernmental	\$41,400	\$160,873	\$202,273
Expenditures			
Capital Outlay	41,400	154,128	195,528
<i>Net Change in Fund Balances</i>	0	6,745	6,745
<i>Fund Balances Beginning of Year</i>	0	0	0
<i>Fund Balances End of Year</i>	\$0	\$6,745	\$6,745

**Individual Fund Schedules of Revenues, Expenditures/Expenses
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual**

City of Dover, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$1,010,000	\$926,100	\$918,221	(\$7,879)
Income Taxes	1,700,000	1,845,746	1,806,199	(39,547)
Intergovernmental	1,085,539	2,208,687	1,719,432	(489,255)
Interest	81,000	81,420	92,562	11,142
Fines, Licenses and Permits	38,000	38,100	50,145	12,045
Charges for Services	575,000	576,348	592,216	15,868
Other	45,232	45,232	64,038	18,806
<i>Total Revenues</i>	<u>4,534,771</u>	<u>5,721,633</u>	<u>5,242,813</u>	<u>(478,820)</u>
Expenditures				
Current:				
General Government:				
Mayor:				
Salaries and Wages	95,304	95,795	95,789	6
Fringe Benefits	41,300	42,665	42,618	47
Purchased Services	11,680	11,575	11,256	319
Materials and Supplies	6,250	6,195	5,782	413
Total Mayor	<u>154,534</u>	<u>156,230</u>	<u>155,445</u>	<u>785</u>
Auditor:				
Salaries and Wages	119,068	115,568	114,876	692
Fringe Benefits	53,821	22,210	22,003	207
Purchased Services	13,785	25,709	21,625	4,084
Materials and Supplies	4,250	4,250	3,891	359
Total Auditor	<u>190,924</u>	<u>167,737</u>	<u>162,395</u>	<u>5,342</u>
Treasurer:				
Salaries and Wages	6,800	6,800	6,796	4
Fringe Benefits	1,800	1,800	1,781	19
Purchased Services	2,400	2,400	1,221	1,179
Materials and Supplies	100	100	15	85
Total Treasurer	<u>\$11,100</u>	<u>\$11,100</u>	<u>\$9,813</u>	<u>\$1,287</u>

(continued)

City of Dover, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Law Director:				
Salaries and Wages	\$57,705	\$57,706	\$57,706	\$0
Fringe Benefits	17,050	22,550	22,421	129
Purchased Services	71,908	72,408	72,295	113
Materials and Supplies	6,000	7,000	6,688	312
Total Law Director	<u>152,663</u>	<u>159,664</u>	<u>159,110</u>	<u>554</u>
Civil Service Commission:				
Salaries and Wages	3,000	3,000	3,000	0
Fringe Benefits	600	600	450	150
Purchased Services	12,550	12,550	3,254	9,296
Total Civil Service Commission	<u>16,150</u>	<u>16,150</u>	<u>6,704</u>	<u>9,446</u>
Income Tax Department:				
Salaries and Wages	71,320	68,620	67,984	636
Fringe Benefits	55,465	56,465	55,213	1,252
Purchased Services	55,674	18,649	13,804	4,845
Materials and Supplies	4,840	6,540	5,936	604
Total Income Tax Department	<u>187,299</u>	<u>150,274</u>	<u>142,937</u>	<u>7,337</u>
Council:				
Salaries and Wages	38,930	39,130	39,046	84
Fringe Benefits	10,700	10,500	9,415	1,085
Purchased Services	20,993	20,993	18,850	2,143
Materials and Supplies	900	1,900	1,649	251
Total Council	<u>71,523</u>	<u>72,523</u>	<u>68,960</u>	<u>3,563</u>
Clerk of Council:				
Salaries and Wages	4,850	4,850	4,843	7
Fringe Benefits	1,475	1,475	1,406	69
Purchased Services	1,000	1,000	716	284
Materials and Supplies	800	1,300	120	1,180
Total Clerk of Council	<u>\$8,125</u>	<u>\$8,625</u>	<u>\$7,085</u>	<u>\$1,540</u>

(continued)

City of Dover, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Service Director:				
Salaries and Wages	\$88,895	\$16,833	\$16,769	\$64
Fringe Benefits	38,350	40,700	40,545	155
Purchased Services	6,650	5,460	3,851	1,609
Materials and Supplies	6,222	5,122	2,946	2,176
Total Service Director	140,117	68,115	64,111	4,004
Rubbish-Janitor-City Hall:				
Salaries and Wages	30,950	30,950	30,576	374
Fringe Benefits	16,588	17,088	16,847	241
Purchased Services	411,429	46,829	46,415	414
Materials and Supplies	1,100	1,100	0	1,100
Total Rubbish-Janitor-City Hall	460,067	95,967	93,838	2,129
Other:				
Purchased Services	224,852	233,926	165,231	68,695
Materials and Supplies	4,635	4,635	4,011	624
Capital Outlay	5,000	5,000	0	5,000
Other	22,000	13,300	10,904	2,396
Total Other	256,487	256,861	180,146	76,715
Total General Government	1,648,989	1,163,246	1,050,544	112,702
Security of Persons and Property:				
Police:				
Salaries and Wages	1,172,370	1,134,870	1,120,804	14,066
Fringe Benefits	225,902	251,160	249,682	1,478
Purchased Services	69,618	99,618	88,828	10,790
Materials and Supplies	47,527	57,496	45,438	12,058
Total Police	1,515,417	1,543,144	1,504,752	38,392
Traffic Safety:				
Salaries and Wages	114,830	119,830	118,443	1,387
Fringe Benefits	52,511	61,511	60,769	742
Purchased Services	18,449	24,349	23,834	515
Materials and Supplies	51,785	46,385	41,440	4,945
Total Traffic Safety	\$237,575	\$252,075	\$244,486	\$7,589

(continued)

City of Dover, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fire Prevention:				
Salaries and Wages	\$861,243	\$852,743	\$834,221	\$18,522
Fringe Benefits	180,050	194,350	187,798	6,552
Purchased Services	62,448	70,948	62,675	8,273
Materials and Supplies	42,589	48,289	41,834	6,455
Total Fire Prevention	<u>1,146,330</u>	<u>1,166,330</u>	<u>1,126,528</u>	<u>39,802</u>
Director of Public Safety:				
Salaries and Wages	26,800	26,725	26,707	18
Fringe Benefits	6,200	6,275	6,263	12
Purchased Services	1,040	1,040	964	76
Materials and Supplies	100	100	76	24
Total Director of Public Safety	<u>34,140</u>	<u>34,140</u>	<u>34,010</u>	<u>130</u>
Total Security of Persons and Property	<u>2,933,462</u>	<u>2,995,689</u>	<u>2,909,776</u>	<u>85,913</u>
Public Health Services:				
County Health Services:				
Purchased Services	11,500	11,500	10,543	957
Community Environment:				
Demolition and Mowing:				
Purchased Services	15,253	15,253	10,724	4,529
Other Community Environment:				
Salaries and Wages	37,190	37,190	37,190	0
Fringe Benefits	18,075	19,295	19,023	272
Purchased Services	2,732	2,087	1,301	786
Materials and Supplies	1,270	1,995	1,789	206
Total Other Community Environment	<u>59,267</u>	<u>60,567</u>	<u>59,303</u>	<u>1,264</u>
Total Community Environment	<u>\$74,520</u>	<u>\$75,820</u>	<u>\$70,027</u>	<u>\$5,793</u>

(continued)

City of Dover, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Basic Utility Services:				
Refuse Collections and Disposals:				
Purchased Services	\$0	\$459,100	\$459,082	\$18
Leisure Time Activities:				
Parks and Recreation:				
Personal Services	327,932	330,432	328,093	2,339
Fringe Benefits	132,800	147,800	143,574	4,226
Purchased Services	73,234	72,488	68,711	3,777
Materials and Supplies	44,030	44,780	34,974	9,806
Total Leisure Time Activities	577,996	595,500	575,352	20,148
<i>Total Expenditures</i>	5,246,467	5,300,855	5,075,324	225,531
<i>Excess of Revenues Over (Under) Expenditures</i>	(711,696)	420,778	167,489	(253,289)
Other Financing Uses				
Transfers Out	0	(685,000)	(677,583)	7,417
<i>Net Change in Fund Balance</i>	(711,696)	(264,222)	(510,094)	(245,872)
<i>Fund Balance Beginning of Year</i>	829,098	829,098	829,098	0
Prior Year Encumbrances Appropriated	78,576	78,576	78,576	0
<i>Fund Balance End of Year</i>	<u>\$195,978</u>	<u>\$643,452</u>	<u>\$397,580</u>	<u>(\$245,872)</u>

City of Dover, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Master Capital Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Income Taxes	\$935,000	\$717,326	\$717,326	\$0
Other	300,000	299,000	40,789	(258,211)
<i>Total Revenues</i>	<u>1,235,000</u>	<u>1,016,326</u>	<u>758,115</u>	<u>(258,211)</u>
Expenditures				
Capital Outlay	2,448,976	1,915,976	1,285,396	630,580
Debt Service:				
Principal Retirement	2,674,598	2,720,000	2,720,000	0
Interest and Fiscal Charges	0	58,813	58,813	0
Total Debt Service	<u>2,674,598</u>	<u>2,778,813</u>	<u>2,778,813</u>	<u>0</u>
<i>Total Expenditures</i>	<u>5,123,574</u>	<u>4,694,789</u>	<u>4,064,209</u>	<u>630,580</u>
<i>Excess of Revenues Under Expenditures</i>	(3,888,574)	(3,678,463)	(3,306,094)	372,369
Other Financing Sources				
Notes Issued	2,670,000	2,720,000	2,720,000	0
<i>Net Change in Fund Balance</i>	(1,218,574)	(958,463)	(586,094)	372,369
<i>Fund Balances Beginning of Year</i>	939,980	939,980	939,980	0
Prior Year Encumbrances Appropriated	238,953	238,953	238,953	0
<i>Fund Balances End of Year</i>	<u>(\$39,641)</u>	<u>\$220,470</u>	<u>\$592,839</u>	<u>\$372,369</u>

City of Dover, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$1,000	\$100	\$1,448	\$1,348
Charges for Services	2,704,000	2,305,000	2,463,302	158,302
Tap-In Fees	11,000	11,000	8,166	(2,834)
Notes Issued	850,000	1,500,000	1,500,000	0
Other	34,000	33,900	201,466	167,566
<i>Total Revenues</i>	<u>3,600,000</u>	<u>3,850,000</u>	<u>4,174,382</u>	<u>324,382</u>
Expenses				
Salaries and Wages:				
Sewer Office	44,000	68,817	67,854	963
Sewer Disposal Plant	628,472	683,472	671,954	11,518
Total Salaries and Wages	<u>672,472</u>	<u>752,289</u>	<u>739,808</u>	<u>12,481</u>
Fringe Benefits:				
Sewer Office	20,876	25,376	24,566	810
Sewer Disposal Plant	286,500	307,500	305,474	2,026
Total Fringe Benefits	<u>307,376</u>	<u>332,876</u>	<u>330,040</u>	<u>2,836</u>
Purchased Services:				
Sewer Office	73,211	48,394	42,328	6,066
Sewer Disposal Plant	218,124	274,124	243,917	30,207
Total Purchased Services	<u>291,335</u>	<u>322,518</u>	<u>286,245</u>	<u>36,273</u>
Materials and Supplies:				
Sewer Office	70,350	5,724	5,064	660
Sewer Disposal Plant	110,441	142,441	104,654	37,787
Total Materials and Supplies	<u>180,791</u>	<u>148,165</u>	<u>109,718</u>	<u>38,447</u>
Capital Outlay:				
Sewer Office	50,000	50,000	9,866	40,134
Sewer Disposal Plant	785,000	1,508,000	1,279,564	228,436
Wastewater Reserve	280,480	280,480	187,757	92,723
Total Capital Outlay	<u>1,115,480</u>	<u>1,838,480</u>	<u>1,477,187</u>	<u>361,293</u>
Debt Service:				
Principal Retirement	2,211,066	987,684	845,000	142,684
Interest and Fiscal Charges	66,000	66,253	64,076	2,177
Total Debt Service	<u>2,277,066</u>	<u>1,053,937</u>	<u>909,076</u>	<u>144,861</u>
<i>Total Expenses</i>	<u>\$4,844,520</u>	<u>\$4,448,265</u>	<u>\$3,852,074</u>	<u>\$596,191</u>

(continued)

City of Dover, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Sewer Fund (continued)
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<i>Net Change in Fund Balance</i>	(\$1,244,520)	(\$598,265)	\$322,308	\$920,573
<i>Fund Balance Beginning of Year</i>	1,182,271	1,182,271	1,182,271	0
<i>Prior Year Encumbrances Appropriated</i>	<u>87,129</u>	<u>87,129</u>	<u>87,129</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$24,880</u></u>	<u><u>\$671,135</u></u>	<u><u>\$1,591,708</u></u>	<u><u>\$920,573</u></u>

City of Dover, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Electric Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$30,000	\$30,000	\$24,638	(\$5,362)
Charges for Services	18,146,838	13,950,000	14,104,919	154,919
Electric Deposits Received	15,000	15,000	27,041	12,041
Notes Issued	5,100,000	5,100,000	5,112,291	12,291
Other	70,000	69,500	77,160	7,660
<i>Total Revenues</i>	<u>23,361,838</u>	<u>19,164,500</u>	<u>19,346,049</u>	<u>181,549</u>
Expenses				
Salaries and Wages:				
Electric Office	90,750	121,771	121,405	366
Electric Distribution	790,904	824,048	816,332	7,716
Electric Plant	1,082,504	1,082,504	1,068,329	14,175
Total Salaries and Wages	<u>1,964,158</u>	<u>2,028,323</u>	<u>2,006,066</u>	<u>22,257</u>
Fringe Benefits:				
Electric Office	48,525	49,025	47,543	1,482
Electric Distribution	293,400	366,900	362,392	4,508
Electric Plant	435,502	500,002	497,946	2,056
Total Fringe Benefits	<u>777,427</u>	<u>915,927</u>	<u>907,881</u>	<u>8,046</u>
Purchased Services:				
Electric Office	123,054	90,583	82,256	8,327
Electric Distribution	288,746	355,246	321,185	34,061
Electric Plant	1,106,980	1,319,480	1,292,510	26,970
Total Purchased Services	<u>1,518,780</u>	<u>1,765,309</u>	<u>1,695,951</u>	<u>69,358</u>
Materials and Supplies:				
Electric Office	3,650	4,600	4,301	299
Electric Distribution	101,645	81,645	61,891	19,754
Electric Plant	1,914,998	1,825,998	1,795,661	30,337
Total Materials and Supplies	<u>2,020,293</u>	<u>1,912,243</u>	<u>1,861,853</u>	<u>50,390</u>
Purchased Power:				
Electric Plant	\$5,500,000	\$6,579,000	\$6,578,348	\$652

(continued)

City of Dover, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Electric Fund (continued)
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Capital Outlay:				
Electric Capital Reserve	\$300,000	\$485,000	\$447,869	\$37,131
Electric Surplus	165,992	850,000	0	850,000
Electric Replacement and Improvement	100,000	100,000	0	100,000
Electric Office	55,167	55,167	10,366	44,801
Municipal Electric Improvement	4,396,298	821,298	6,684	814,614
Electric Distribution	746,008	646,008	575,458	70,550
Electric Plant	8,188	43,188	34,610	8,578
Total Capital Outlay	5,771,653	3,000,661	1,074,987	1,925,674
Debt Service:				
Principal Retirement	6,570,600	5,503,998	5,490,000	13,998
Interest and Fiscal Charges	590,000	593,813	570,225	23,588
Total Debt Service	7,160,600	6,097,811	6,060,225	37,586
Electric Deposits Returned:				
Refunds	50,000	50,000	23,885	26,115
Total Expenses	24,762,911	22,349,274	20,209,196	2,140,078
<i>Excess of Revenues Under Expenses</i>	(1,401,073)	(3,184,774)	(863,147)	2,321,627
Transfers In	1,200,000	1,200,000	677,583	(522,417)
Net Change in Fund Balance	(201,073)	(1,984,774)	(185,564)	1,799,210
<i>Fund Balance Beginning of Year</i>	3,804,458	3,804,458	3,804,458	0
Prior Year Encumbrances Appropriated	222,861	222,861	222,861	0
Fund Balance End of Year	\$3,826,246	\$2,042,545	\$3,841,755	\$1,799,210

City of Dover, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest	\$10,050	\$10,050	\$30,555	\$20,505
Charges for Services	1,855,950	1,855,950	1,755,995	(99,955)
Tap-In Fees	19,000	19,000	29,993	10,993
<i>Total Revenues</i>	<u>1,885,000</u>	<u>1,885,000</u>	<u>1,816,543</u>	<u>(68,457)</u>
Expenses				
Salaries and Wages:				
Water Office	43,700	70,262	69,772	490
Water Plant	557,847	557,847	547,785	10,062
Total Salaries and Wages	<u>601,547</u>	<u>628,109</u>	<u>617,557</u>	<u>10,552</u>
Fringe Benefits:				
Water Office	22,250	24,880	24,248	632
Water Plant	225,974	239,974	236,340	3,634
Total Fringe Benefits	<u>248,224</u>	<u>264,854</u>	<u>260,588</u>	<u>4,266</u>
Purchased Services:				
Water Office	71,285	49,568	41,746	7,822
Water Plant	208,680	252,680	202,991	49,689
Total Purchased Services	<u>279,965</u>	<u>302,248</u>	<u>244,737</u>	<u>57,511</u>
Materials and Supplies:				
Water Office	4,500	6,000	4,676	1,324
Water Plant	152,478	177,978	152,055	25,923
Total Materials and Supplies	<u>156,978</u>	<u>183,978</u>	<u>156,731</u>	<u>27,247</u>
Capital Outlay:				
Water Office	25,000	16,125	9,866	6,259
Water Plant	217,258	133,758	49,684	84,074
Water Construction	805,000	805,000	68,664	736,336
Water Replacement	108,418	108,418	0	108,418
Water Surplus	200,000	200,000	83,906	116,094
Total Capital Outlay	<u>\$1,355,676</u>	<u>\$1,263,301</u>	<u>\$212,120</u>	<u>\$1,051,181</u> (continued)

City of Dover, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Water Fund (continued)
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Debt Service:				
Principal Retirement	\$270,000	\$270,000	\$270,000	\$0
Interest and Fiscal Charges	272,000	273,700	264,467	9,233
Total Debt Service	<u>542,000</u>	<u>543,700</u>	<u>534,467</u>	<u>9,233</u>
<i>Total Expenses</i>	<u>3,184,390</u>	<u>3,186,190</u>	<u>2,026,200</u>	<u>1,159,990</u>
<i>Net Change in Fund Balance</i>	(1,299,390)	(1,301,190)	(209,657)	1,091,533
<i>Fund Balance Beginning of Year</i>	1,679,443	1,679,443	1,679,443	0
Prior Year Encumbrances Appropriated	<u>78,717</u>	<u>78,717</u>	<u>78,717</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$458,770</u></u>	<u><u>\$456,970</u></u>	<u><u>\$1,548,503</u></u>	<u><u>\$1,091,533</u></u>

City of Dover, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Maintenance and Repair Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Income Taxes	\$350,000	\$350,000	\$350,000	\$0
Intergovernmental	465,000	485,000	533,475	48,475
Interest	5,500	5,500	833	(4,667)
Fines, Licenses and Permits	50	50	12	(38)
Other	4,450	4,450	432	(4,018)
<i>Total Revenues</i>	<u>825,000</u>	<u>845,000</u>	<u>884,752</u>	<u>39,752</u>
Expenditures				
Current:				
Transportation:				
Street Construction and Reconstruction:				
Salaries and Wages	476,849	499,307	493,159	6,148
Fringe Benefits	224,100	243,800	243,003	797
Purchased Services	77,839	46,661	42,492	4,169
Materials and Supplies	96,686	109,906	103,721	6,185
Capital Outlay	700	0	0	0
<i>Total Expenditures</i>	<u>876,174</u>	<u>899,674</u>	<u>882,375</u>	<u>17,299</u>
<i>Net Change in Fund Balance</i>	(51,174)	(54,674)	2,377	57,051
<i>Fund Balance Beginning of Year</i>	49,647	49,647	49,647	0
Prior Year Encumbrances Appropriated	<u>5,175</u>	<u>5,175</u>	<u>5,175</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3,648</u>	<u>\$148</u>	<u>\$57,199</u>	<u>\$57,051</u>

City of Dover, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$30,000	\$30,000	\$30,622	\$622
Interest	0	0	261	261
Other	1,000	10,000	12,633	2,633
<i>Total Revenues</i>	31,000	40,000	43,516	3,516
Expenditures				
Current:				
Transportation:				
Street Construction and Reconstruction:				
Materials and Supplies	54,579	54,579	48,295	6,284
<i>Net Change in Fund Balance</i>	(23,579)	(14,579)	(4,779)	9,800
<i>Fund Balance Beginning of Year</i>	10,316	10,316	10,316	0
Prior Year Encumbrances Appropriated	13,579	13,579	13,579	0
<i>Fund Balance End of Year</i>	<u>\$316</u>	<u>\$9,316</u>	<u>\$19,116</u>	<u>\$9,800</u>

City of Dover, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police and Fire Pension Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property and Other Local Taxes	\$150,000	\$133,400	\$138,560	\$5,160
Income Taxes	235,000	290,000	290,000	0
Intergovernmental	43,400	43,400	15,651	(27,749)
<i>Total Revenues</i>	<u>428,400</u>	<u>466,800</u>	<u>444,211</u>	<u>(22,589)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police Disability and Pension:				
Fringe Benefits	200,000	210,000	209,228	772
Fire Disability and Pension:				
Fringe Benefits	<u>233,000</u>	<u>233,000</u>	<u>232,055</u>	<u>945</u>
<i>Total Expenditures</i>	<u>433,000</u>	<u>443,000</u>	<u>441,283</u>	<u>1,717</u>
<i>Net Change in Fund Balance</i>	(4,600)	23,800	2,928	(20,872)
<i>Fund Balance Beginning of Year</i>	<u>4,615</u>	<u>4,615</u>	<u>4,615</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$15</u>	<u>\$28,415</u>	<u>\$7,543</u>	<u>(\$20,872)</u>

City of Dover, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Ambulance Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$105,000	\$150,000	\$164,803	\$14,803
Expenditures				
Current:				
Public Health Services:				
Ambulance:				
Salaries and Wages	60,000	106,000	102,599	3,401
Materials and Supplies	42,131	62,131	60,209	1,922
Capital Outlay	0	89,000	82,282	6,718
<i>Total Expenditures</i>	<u>102,131</u>	<u>257,131</u>	<u>245,090</u>	<u>12,041</u>
<i>Net Change in Fund Balance</i>	2,869	(107,131)	(80,287)	26,844
<i>Fund Balance Beginning of Year</i>	109,740	109,740	109,740	0
Prior Year Encumbrances Appropriated	<u>2,131</u>	<u>2,131</u>	<u>2,131</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$114,740</u>	<u>\$4,740</u>	<u>\$31,584</u>	<u>\$26,844</u>

City of Dover, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Income Taxes	\$275,000	\$275,000	\$275,000	\$0
Interest	40,000	20,000	12,207	(7,793)
Charges for Services	125,000	125,000	117,459	(7,541)
<i>Total Revenues</i>	<u>440,000</u>	<u>420,000</u>	<u>404,666</u>	<u>(15,334)</u>
Expenditures				
Current:				
Public Health Services:				
Cemetery:				
Salaries and Wages	242,154	246,154	243,912	2,242
Fringe Benefits	114,620	119,120	117,041	2,079
Purchased Services	12,500	14,500	12,579	1,921
Materials and Supplies	17,807	16,307	13,125	3,182
Capital Outlay	4,500	3,500	3,043	457
Other	40,000	0	0	0
<i>Total Expenditures</i>	<u>431,581</u>	<u>399,581</u>	<u>389,700</u>	<u>9,881</u>
<i>Net Change in Fund Balance</i>	8,419	20,419	14,966	(5,453)
<i>Fund Balance Beginning of Year</i>	574,993	574,993	574,993	0
Prior Year Encumbrances Appropriated	<u>556</u>	<u>556</u>	<u>556</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$583,968</u></u>	<u><u>\$595,968</u></u>	<u><u>\$590,515</u></u>	<u><u>(\$5,453)</u></u>

City of Dover, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Revolving Loan Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$500,000	\$500,000	\$285,005	(\$214,995)
Interest	0	0	860	860
Other	15,000	15,000	30,134	15,134
<i>Total Revenues</i>	515,000	515,000	315,999	(199,001)
Expenditures				
Current:				
Community Environment:				
Other Community Environment:				
Purchased Services	550,000	550,000	529,386	20,614
<i>Net Change in Fund Balance</i>	(35,000)	(35,000)	(213,387)	(178,387)
<i>Fund Balance Beginning of Year</i>	221,159	221,159	221,159	0
<i>Fund Balance End of Year</i>	<u>\$186,159</u>	<u>\$186,159</u>	<u>\$7,772</u>	<u>(\$178,387)</u>

City of Dover, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Law Enforcement Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines, Licenses and Permits	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Drug Law Enforcement:				
Materials and Supplies	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
<i>Net Change in Fund Balance</i>	(5,000)	(5,000)	0	5,000
<i>Fund Balance Beginning of Year</i>	<u>12,485</u>	<u>12,485</u>	<u>12,485</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,485</u></u>	<u><u>\$7,485</u></u>	<u><u>\$12,485</u></u>	<u><u>\$5,000</u></u>

City of Dover, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Block Grant Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$0	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>427</u>	<u>427</u>	<u>427</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$427</u></u>	<u><u>\$427</u></u>	<u><u>\$427</u></u>	<u><u>\$0</u></u>

City of Dover, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines, Licenses and Permits	\$1,500	\$1,500	\$2,975	\$1,475
Other	0	0	396	396
<i>Total Revenues</i>	1,500	1,500	3,371	1,871
Expenditures				
Current:				
Security of Persons and Property:				
Enforcement and Education:				
Materials and Supplies	7,500	7,500	3,898	3,602
<i>Net Change in Fund Balance</i>	(6,000)	(6,000)	(527)	5,473
<i>Fund Balance Beginning of Year</i>	13,876	13,876	13,876	0
<i>Fund Balance End of Year</i>	<u>\$7,876</u>	<u>\$7,876</u>	<u>\$13,349</u>	<u>\$5,473</u>

City of Dover, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Shade Tree Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Contributions and Donations	\$0	\$0	\$0	\$0
Expenditures				
Current:				
General Government:				
Land Development:				
Purchased Services	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
<i>Net Change in Fund Balance</i>	(1,000)	(1,000)	0	1,000
<i>Fund Balance Beginning of Year</i>	<u>2,909</u>	<u>2,909</u>	<u>2,909</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,909</u></u>	<u><u>\$1,909</u></u>	<u><u>\$2,909</u></u>	<u><u>\$1,000</u></u>

City of Dover, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Small Cities Block Grant Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$51,520	\$92,920	\$41,400	(\$51,520)
Expenditures				
Capital Outlay	<u>51,520</u>	<u>92,920</u>	<u>41,400</u>	<u>51,520</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balances Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

City of Dover, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
CHIP Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$500,000	\$500,000	\$160,873	(\$339,127)
Expenditures				
Capital Outlay	<u>500,000</u>	<u>500,000</u>	<u>154,128</u>	<u>345,872</u>
<i>Net Change in Fund Balance</i>	0	0	6,745	6,745
<i>Fund Balances Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$6,745</u></u>	<u><u>\$6,745</u></u>

City of Dover, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Employee Health Insurance Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$1,145,000	\$1,330,000	\$1,206,192	(\$123,808)
Other	5,000	5,000	1,779	(3,221)
<i>Total Revenues</i>	1,150,000	1,335,000	1,207,971	(127,029)
Expenses				
Claims	1,175,000	1,275,000	1,239,195	35,805
<i>Net Change in Fund Balance</i>	(25,000)	60,000	(31,224)	(91,224)
<i>Fund Balance Beginning of Year</i>	37,489	37,489	37,489	0
<i>Fund Balance End of Year</i>	<u>\$12,489</u>	<u>\$97,489</u>	<u>\$6,265</u>	<u>(\$91,224)</u>

City of Dover, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Interment Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$23,000	\$18,000	\$18,585	\$585
Interest	2,000	2,150	2,324	174
<i>Total Revenues</i>	25,000	20,150	20,909	759
Expenses				
Current:				
Public Health Services:				
Cemetery:				
Other	35,000	35,500	12,806	22,694
<i>Net Change in Fund Balance</i>	(10,000)	(15,350)	8,103	23,453
<i>Fund Balance Beginning of Year</i>	195,794	195,794	195,794	0
<i>Fund Balance End of Year</i>	<u>\$185,794</u>	<u>\$180,444</u>	<u>\$203,897</u>	<u>\$23,453</u>

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Statistical Section

City of Dover, Ohio
Governmental Activities by Source and Expenses by Function
Last Four Years (2)

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Program Revenues				
Charges for Services and Sales	\$920,380	\$859,448	\$899,791	\$772,159
Operating Grants and Contributions	698,398	539,613	456,671	455,451
Capital Grants and Contributions	202,273	300,600	322,207	331,673
General Revenues				
Taxes (1)	4,609,798	4,512,708	4,050,648	4,187,366
Intergovernmental	1,865,282	1,136,833	1,545,024	1,807,058
Interest	106,991	171,851	313,767	361,563
Other	133,753	118,164	86,492	168,593
Total	<u>\$8,536,875</u>	<u>\$7,639,217</u>	<u>\$7,674,600</u>	<u>\$8,083,863</u>
Expenses				
General Government	\$1,030,940	\$1,210,455	\$969,886	\$843,700
Security of Persons and Property	3,492,242	3,687,742	3,104,690	2,961,926
Transportation	1,323,868	1,056,544	1,296,099	421,984
Public Health Services	645,274	547,149	483,663	459,964
Community Environment	590,541	91,624	82,789	72,811
Basic Utility Services	459,082	360,112	361,789	441,833
Leisure Time Activities	602,131	658,363	540,740	599,834
Debt Service				
Interest and Fiscal Charges	51,326	62,513	119,045	94,682
Total	<u>\$8,195,404</u>	<u>\$7,674,502</u>	<u>\$6,958,701</u>	<u>\$5,896,734</u>

Source: City financial records

(1) Includes all taxes

(2) The City has only reported on a full accrual basis of accounting since 2001.

City of Dover, Ohio
General Governmental Revenues by Source and Expenditures by Function (1)
Last Ten Years

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues				
Taxes (2)	\$4,518,714	\$4,471,319	\$4,118,024	\$4,329,886
Intergovernmental	2,796,069	2,162,986	1,999,867	2,460,283
Interest	106,991	171,846	313,754	360,939
Fines, Licenses, and Permits	53,242	51,425	72,000	45,379
Charges for Services	866,364	802,403	838,405	726,780
Contributions and Donations	0	0	0	0
Other	132,767	117,508	86,121	167,420
Total	<u>\$8,474,147</u>	<u>\$7,777,487</u>	<u>\$7,428,171</u>	<u>\$8,090,687</u>
Expenditures				
General Government	\$1,021,408	\$1,079,208	\$959,875	\$893,214
Security of Persons and Property	3,346,954	3,391,342	3,192,292	3,000,283
Transportation	914,163	913,496	820,998	798,741
Public Health Services	639,736	521,479	477,570	433,842
Community Environment	600,399	89,066	70,183	68,294
Basic Utility Services	459,082	360,112	361,789	375,863
Leisure Time Activities	566,443	588,496	578,440	571,899
Capital Outlay	1,267,063	1,746,083	919,272	1,116,398
Debt Service	56,236	65,925	119,073	94,727
Total	<u>\$8,871,484</u>	<u>\$8,755,207</u>	<u>\$7,499,492</u>	<u>\$7,353,261</u>

Source: City financial records

(1) Includes all governmental fund types.

(2) Includes all taxes

<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
\$3,973,721	\$3,909,327	\$3,904,919	\$3,570,133	\$3,584,433	\$3,410,288
1,882,015	2,011,438	1,621,328	1,462,047	1,964,308	1,837,899
557,602	461,878	408,831	263,619	234,570	241,204
59,390	40,413	39,762	35,407	47,025	37,785
741,757	771,835	816,364	779,605	766,529	780,782
27,983	21,500	73,044	30,000	133,430	20,000
50,934	105,164	145,409	26,323	56,916	34,082
<u>\$7,293,402</u>	<u>\$7,321,555</u>	<u>\$7,009,657</u>	<u>\$6,167,134</u>	<u>\$6,787,211</u>	<u>\$6,362,040</u>
\$851,494	\$908,558	\$679,256	\$648,291	\$603,351	\$606,815
2,815,614	2,775,270	2,632,752	2,488,579	2,413,326	2,199,744
770,247	811,161	736,070	627,528	686,972	714,379
422,110	455,576	358,720	364,464	299,616	261,753
63,742	59,935	65,979	57,942	382,482	210,997
321,642	341,845	361,484	381,101	403,801	389,391
520,448	512,853	495,150	459,873	464,931	419,187
1,234,808	1,036,425	1,151,032	1,614,695	1,758,679	1,687,320
104,386	116,203	116,373	131,060	126,147	124,009
<u>\$7,104,491</u>	<u>\$7,017,826</u>	<u>\$6,596,816</u>	<u>\$6,773,533</u>	<u>\$7,139,305</u>	<u>\$6,613,595</u>

City of Dover, Ohio
Property Tax Levies and Collections
Real and Public Utility Tax (1)
Last Ten Years

Year	Total Tax Levy	Current Tax Collections (2)	Percent of Current Taxes Collected to Total Tax Levy	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes (3)	Ratio of Delinquent Taxes to Total Tax Levy
1995	\$600,017	\$569,989	95.00 %	\$14,185	\$584,174	97.36 %	\$17,871	2.98 %
1996	657,431	625,753	95.18	9,637	635,390	96.65	21,107	3.21
1997	665,018	633,863	95.32	8,054	641,917	96.53	22,998	3.46
1998	665,328	610,972	91.83	21,834	632,806	95.11	16,151	2.43
1999	726,030	711,172	97.95	12,493	723,665	99.67	12,569	1.73
2000	733,677	711,475	96.97	13,581	725,056	98.82	29,535	4.03
2001	743,272	726,469	97.74	16,569	743,038	99.97	31,485	4.24
2002	775,009	757,265	97.71	20,236	777,501	100.32	27,809	3.59
2003	796,489	773,160	97.07	19,914	793,074	99.57	27,432	3.44
2004	807,253	776,078	96.14	21,941	798,019	98.86	26,058	3.23

Source: Tuscarawas County Ohio; County Auditor

- (1) Does not include state reimbursements of homestead and rollback exemptions.
- (2) Includes penalties which are not included in the total tax levy.
- (3) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and deletions which are brought on in one lump sum.

City of Dover, Ohio
Property Tax Rates--Direct and Overlapping Governments
(Per 1,000 of Assessed Valuation)
Last Ten Years

Year	City of Dover			Dover School District	Tuscarawas County	Tuscarawas County Health District	Buckeye JVS	Total
	General Fund	Police and Fire Pension	Total					
1995	\$6.00	\$0.60	\$6.60	\$41.47	\$5.70	\$1.00	\$2.80	\$57.57
1996	6.00	0.60	6.60	41.17	5.70	1.00	2.80	57.27
1997	6.00	0.60	6.60	46.57	6.20	1.00	2.80	63.17
1998	6.00	0.60	6.60	46.57	8.10	1.00	2.80	65.07
1999	6.00	0.60	6.60	45.67	8.10	1.00	2.80	64.17
2000	6.00	0.60	6.60	45.62	8.10	1.00	2.80	64.12
2001	6.00	0.60	6.60	45.52	8.20	1.00	2.80	64.12
2002	6.00	0.60	6.60	45.52	8.20	1.00	2.80	64.12
2003	6.00	0.60	6.60	45.47	8.20	1.00	2.80	64.07
2004	6.00	0.60	6.60	52.17	8.20	1.00	2.80	70.77

Source: Tuscarawas County, Ohio; County Auditor

City of Dover
*Assessed Valuation and Estimated
 True Values of Taxable Property
 Last Ten Years*

Year	Agricultural/ Residential Real Estate	Other Real Estate	Total Real Estate	Public Utility Personal
1995	\$98,550,830	\$42,024,300	\$140,575,130	\$5,659,760
1996	99,630,860	42,964,280	142,595,140	5,567,140
1997	101,274,890	44,309,660	145,584,550	4,711,780
1998	127,204,270	55,122,720	182,326,990	5,637,650
1999	128,184,830	55,991,710	184,176,540	5,582,880
2000	129,221,460	57,231,490	186,452,950	5,799,980
2001	142,187,860	61,183,960	203,371,820	3,204,400
2002	145,762,350	63,227,160	208,989,510	3,147,730
2003	147,647,110	64,113,650	211,760,760	3,076,130
2004	159,470,630	65,586,530	225,057,160	2,954,590

Source: Tuscarawas County, Ohio; County Auditor

(1) This amount is calculated by dividing the assessed value by the assessment percentage.

The percentages for 2004 are:

35 percent for all real estate and

25 percent for capital assets and 23 percent for inventory included in tangible personal

<u>Tangible Personal</u>	<u>Total Personal</u>	<u>Total Assessed Value</u>	<u>Estimated True Value</u>	<u>Percent of Assessed Value To Estimated True Value (1)</u>
\$37,924,922	\$43,584,682	\$184,159,812	\$559,774,462	33 %
43,826,725	49,393,865	191,989,005	559,050,737	34
44,323,535	49,035,315	194,619,865	598,891,146	33
45,226,075	50,863,725	233,190,715	708,244,977	33
45,693,600	51,276,480	235,453,020	715,337,268	33
48,438,153	54,238,133	240,691,083	733,066,212	33
47,992,835	51,197,235	254,569,055	776,675,046	33
47,145,495	50,293,225	259,282,735	789,271,832	33
43,855,840	46,931,970	258,692,730	791,259,012	33
42,942,990	45,897,580	270,954,740	841,547,469	32

City of Dover, Ohio
Special Assessment Collections
December 31, 2004

The City of Dover does not have any special assessment debt; therefore, no special assessment collections billed and collected are presented in the City's statistical tables.

City of Dover, Ohio
Computation of Overlapping General Obligation Bonded Debt
December 31, 2004

Jurisdiction	General Obligation Debt Outstanding	Percentage Applicable To City (1)	Amount Applicable To City
Dover City Schools	\$6,473,806	71.49%	\$4,628,124

Source: Tuscarawas County, Ohio; County Auditor

- (1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the subdivision. The valuations used were for the 2004 collection year.

City of Dover, Ohio
General Obligation Revenue Bond Coverage
Last Ten Years

Fund/Year	Operating Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
Water Fund:							
1995	\$1,493,073	\$697,177	\$795,896	\$30,000	\$374,802	\$404,802	1.97
1996	1,681,532	1,111,871	569,661	130,000	374,339	504,339	1.13
1997	1,636,727	763,220	873,507	135,000	368,777	503,777	1.73
1998	1,703,231	784,225	919,006	140,000	362,514	502,514	1.83
1999	1,757,478	916,615	840,863	145,000	352,861	497,861	1.69
2000	1,833,485	972,123	861,362	155,000	343,488	498,488	1.73
2001	1,735,530	1,237,124	498,406	165,000	335,738	500,738	1.00
2002	1,762,441	1,197,029	565,412	165,000	334,251	499,251	1.13
2003	1,902,977	1,255,591	647,386	180,000	318,735	498,735	1.30
2004	1,743,102	1,244,303	498,799	270,000	264,467	534,467	0.93
Electric Fund:							
1995	\$10,626,454	\$8,432,578	\$2,193,876	\$335,000	\$531,317	\$866,317	2.53
1996	10,895,388	9,490,751	1,404,637	345,000	661,207	1,006,207	1.40
1997	10,883,558	8,831,216	2,052,342	355,000	641,887	996,887	2.06
1998	11,082,539	9,096,135	1,986,404	365,000	621,637	986,637	2.01
1999	12,504,530	10,467,573	2,036,957	375,000	595,450	970,450	2.10
2000	12,437,522	9,649,872	2,787,650	390,000	570,752	960,752	2.90
2001	12,806,517	11,429,382	1,377,135	400,000	547,673	947,673	1.45
2002	13,430,716	12,015,310	1,415,406	415,000	201,159	616,159	2.30
2003	14,146,329	13,124,341	1,021,988	430,000	503,549	933,549	1.09
2004	14,729,101	13,271,813	1,457,288	390,000	469,328	859,328	1.70
Sewer Fund:							
1995	\$1,463,322	\$940,731	\$522,591	\$50,000	\$90,178	\$140,178	3.73
1996	1,369,424	970,975	398,449	55,000	88,468	143,468	2.78
1997	1,277,082	973,403	303,679	60,000	81,843	141,843	2.14
1998	1,349,477	1,015,119	334,358	60,000	80,268	140,268	2.38
1999	1,367,646	1,093,786	273,860	65,000	79,175	144,175	1.90
2000	1,383,076	1,089,946	293,130	70,000	72,572	142,572	2.06
2001	1,351,614	1,288,116	63,498	75,000	65,286	140,286	0.45
2002	1,937,077	1,246,796	690,281	80,000	60,704	140,704	4.91
2003	2,377,095	1,337,969	1,039,126	90,000	55,056	145,056	7.16
2004	2,632,434	1,373,580	1,258,854	95,000	48,634	143,634	8.76

Source: City financial records

- (1) Total operating revenues include transfers in and interest revenue in accordance with bond indentures.
- (2) Total operating expenses exclusive of depreciation.
- (3) Includes principal and interest of general obligation revenue bonds only.

City of Dover, Ohio

Legal Debt Margin

December 31, 2004

Overall Debt Limitation (10 1/2% of Assessed Valuation)	<u>\$28,450,248</u>
Gross Indebtedness	23,975,000
Less: Self Supporting Debt	<u>21,255,000</u>
Net Debt Within 10 1/2% Limitation	<u>2,720,000</u>
Legal Debt Margin Within 10 1/2% Limitation	<u><u>\$25,730,248</u></u>
Unvoted Debt Limitation (5 1/2% of Assessed Valuation)	<u>\$14,902,511</u>
Gross Indebtedness	23,975,000
Less: Self-Supporting Debt	<u>21,255,000</u>
Net debt within 5 1/2% limitation	<u>2,720,000</u>
Legal Debt Margin Within 5 1/2% limitation	<u><u>\$12,182,511</u></u>

Sources: Tuscarawas County, Ohio; County Auditor, and City financial records

City of Dover, Ohio
Property Value, Construction and Bank Deposits
Last Ten Years

Year	Property Value (1)	Residential Construction Value	Commercial Construction Value	Domestic Bank Deposits in the County (in thousands)
1995	\$401,643,229	\$5,622,285	\$1,546,371	\$402,359
1996	407,417,543	2,749,400	2,686,257	407,639
1997	416,242,770	3,905,430	2,423,030	205,749 (2)
1998	520,934,257	3,196,942	4,063,054	222,464
1999	526,218,686	2,885,486	2,603,486	162,185
2000	532,722,715	2,722,257	3,842,428	211,927
2001	580,695,290	4,868,200	433,490	222,631
2002	597,112,886	6,059,829	6,451,400	236,126
2003	605,030,743	5,473,400	2,188,114	247,585
2004	643,020,457	7,500,228	1,523,771	159,853 (3)

Sources: Federal Reserve Bank - Cleveland, Ohio
Tuscarawas County, Ohio: County Auditor

- (1) Represents estimated value of real estate.
- (2) Certain bank deposits are not included due to reorganization.
- (3) Certain bank deposits are not included due to two bank buyouts.

City of Dover, Ohio
Principal Taxpayers
December 31, 2004

<u>Taxpayer</u>	<u>Total Assessed Value</u>	<u>Percent of Assessed Value</u>
International Paper Company	\$8,544,930	3.15 %
Allied Machine and Engineering Corporation	8,265,860	3.05
Zimmer Orthopaedic Surgical Products	5,194,430	1.92
Commercial and Architectural Products	3,190,130	1.18
Buehler's Food Markets, Inc.	2,572,190	0.95
Verizon North	2,339,480	0.86
Oxford Capital Enterprises LLC	2,207,070	0.81
New Plan Realty Trust	2,100,000	0.78
Meteor-Lauren LLC	2,097,250	0.77
General Electric	<u>2,014,160</u>	<u>0.74</u>
	<u><u>\$38,525,500</u></u>	<u><u>14.21 %</u></u>

Source: Tuscarawas County, Ohio: County Auditor

City of Dover, Ohio

Bonded Debt

December 31, 2004

All of the general obligation debt of the City of Dover is to be paid from enterprise revenues. The City of Dover does not have any net general bonded debt; therefore, no ratio of net general bonded debt to assessed value and net bonded debt per capita and no ratio of annual debt service for general bonded debt to total general fund expenditures are presented in the City's statistical tables.

City of Dover, Ohio
Ten Largest Employers
December 31, 2004

Employer	Nature of Business	Number of Employees
Union Hospital	Hospital	950
Allied Machine and Engineering Corporation	Manufacturer	330
Zimmer Orthopaedic Surgical Products	Manufacturer	300
Dover City Schools	School	289
Buehler's	Grocery	244
Marlite	Manufacturer	218
Hennis Care Center Incorporated	Nursing Care Center	201
New Dawn Health Care	Nursing Care Center	187
Meteor Sealing	Manufacturer	138
Arizona Chemical Company	Manufacturer	135

Source: City records

City of Dover, Ohio
Demographic Statistics
Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Tuscarawas County (3)</u>
1995	12,613	2,900	5.5 %
1996	13,067	2,875	5.2
1997	13,327	2,862	4.9
1998	13,570	2,830	4.8
1999	13,630	2,819	4.4
2000	13,431	2,766	4.1
2001	13,573	2,736	4.9
2002	13,602	2,637	5.4
2003	13,643	2,621	6.5
2004	13,331	2,666	5.2

(1) Source: Estimated by the City

(2) Source: Dover Board of Education

(3) Source: Ohio Department of Unemployment, Labor Research

City of Dover, Ohio
Miscellaneous Information
December 31, 2004

Date of Incorporation as a City	December 6, 1901
Form of Government	Mayor/Council
Area	5.71 Square Miles
Miles of Streets	69
Miles of Storm Sewers	32
Number of Street Lights	2,318
Hospital	1
Building Permits Issued	219
Education:	
Number of Teachers	186
Number of Students	2,666
Fire Protection:	
Number of Stations	1
Number of Firemen and Officers (Exclusive of Volunteer Firemen)	16
Fire Hydrants	566
Police Protection:	
Number of Stations	1
Number of Policemen and Officers	23
Municipal Utilities:	
Mile of Water Mains	82
Miles of Electric Lines	331
Miles of Sanitary Sewer	65
Number of Consumers:	
Water	5,538
Electric	6,681
Sewer	5,437
Average Daily Consumption (per household):	
Water	168
Electric	26
Sewer	165
Recreation and Culture:	
Number of Parks	2
Number of Libraries	1
Number of Swimming Pools	2
Number of Tennis Courts	8
Number of Baseball and Softball Diamonds	8
Employees:	
Full-Time	146
Part-Time	33

Source: City records

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**Auditor of State
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CITY OF DOVER

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**