

VILLAGE OF BOLIVAR

TUSCARAWAS COUNTY

INDEPENDENT ACCOUNTANTS' REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2011 AND DECEMBER 31, 2010

Varney, Fink & Associates, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

Village Council
Village of Bolivar
P.O. Box 117
Bolivar, Ohio 44612

We have reviewed the *Independent Accountants' Report* of the Village of Bolivar, Tuscarawas County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them

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

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Bolivar is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 16, 2013

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**VILLAGE OF BOLIVAR
TUSCARAWAS COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Village of Bolivar
Tuscarawas County
P.O. Box 117
Bolivar, Ohio 44612

To the Village Council:

We have audited the accompanying financial statements of the Village of Bolivar, Tuscarawas County, (the Village) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

INDEPENDENT ACCOUNTANTS' REPORT (continued)

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of the Village of Bolivar, Tuscarawas County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1B describes.

As described in Note 1F, during 2010 the Village of Bolivar adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2012, on our consideration of the Village'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.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.

Certified public Accountants

July 27, 2012

Village of Bolivar
Tuscarawas County
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2011

	General	Special Revenue	Capital Project	Permanent Fund	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$43,584	\$130,196	\$0	\$0	\$173,780
Municipal Income Tax	0	135,956	0	0	135,956
Intergovernmental	61,941	61,093	0	0	123,034
Charges for Services	45,862	0	0	0	45,862
Fines, Licenses and Permits	12,222	0	0	0	12,222
Earnings on Investments	278	14	0	5	297
<i>Total Cash Receipts</i>	<u>163,887</u>	<u>327,259</u>	<u>0</u>	<u>5</u>	<u>491,151</u>
Cash Disbursements					
Current:					
Security of Persons and Property	69,398	110,730	0	0	180,128
Public Health Services	174	0	0	0	174
Leisure Time Activities	11,597	0	0	0	11,597
Community Environment	3,289	0	0	0	3,289
Basic Utility Services	38,366	0	0	0	38,366
Transportation	1,200	54,959	0	0	56,159
General Government	73,486	8,529	0	0	82,015
Capital Outlay	0	64,916	31,298	0	96,214
Debt Service:					
Redemption of Principal	7,353	0	42,802	0	50,155
Interest and Other Fiscal Charges	12,647	0	6,374		19,021
<i>Total Cash Disbursements</i>	<u>217,510</u>	<u>239,134</u>	<u>80,474</u>	<u>0</u>	<u>537,118</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(53,623)</u>	<u>88,125</u>	<u>(80,474)</u>	<u>5</u>	<u>(45,967)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	20,483	0	0	0	20,483
Transfers In	51,366	12,841	64,209	0	128,416
Transfers Out	0	(128,416)	0	0	(128,416)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>71,849</u>	<u>(115,575)</u>	<u>64,209</u>	<u>0</u>	<u>20,483</u>
<i>Net Change in Fund Cash Balances</i>	<u>18,226</u>	<u>(27,450)</u>	<u>(16,265)</u>	<u>5</u>	<u>(25,484)</u>
<i>Fund Cash Balances, January 1</i>	<u>17,877</u>	<u>130,959</u>	<u>351,693</u>	<u>8,665</u>	<u>509,194</u>
Fund Cash Balances , December 31					
Nonspendable	0	0	0	8,670	8,670
Restricted	0	103,006	0	0	103,006
Committed	0	0	335,428	0	335,428
Assigned	0	503	0	0	503
Unassigned	36,103	0	0	0	36,103
<i>Fund Cash Balances , December 31</i>	<u>\$36,103</u>	<u>\$103,509</u>	<u>\$335,428</u>	<u>\$8,670</u>	<u>\$483,710</u>

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

Village of Bolivar
Tuscarawas County
Statement of Receipts, Disbursements and Change in Fund Balance (Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2011

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$133,569
Miscellaneous	<u>9,269</u>
<i>Total Operating Cash Receipts</i>	<u>142,838</u>
Operating Cash Disbursements:	
Personal Services	72,744
Contractual Services	33,953
Supplies and Materials	<u>11,048</u>
<i>Total Operating Cash Disbursements</i>	<u>117,745</u>
Operating Income	<u>25,093</u>
Non-Operating (Disbursements)	
Capital Outlay	(51,412)
Principal Retirement	(80,894)
Interest and Other Fiscal Charges	<u>(12,435)</u>
<i>Total Non-Operating (Disbursements)</i>	<u>(144,741)</u>
<i>Net Change in Fund Cash Balance</i>	(119,648)
<i>Fund Cash Balance, January 1</i>	<u>123,162</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$3,514</u></u>

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

Village of Bolivar
Tuscarawas County
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2010

	General	Special Revenue	Capital Project	Permanent Fund	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$47,441	\$107,404	\$0	\$0	\$154,845
Municipal Income Tax	0	144,247	0	0	144,247
Intergovernmental	50,186	60,061	320,000	0	430,247
Charges for Services	49,857	0	0	0	49,857
Fines, Licenses and Permits	15,852	0	0	0	15,852
Earnings on Investments	155	13	0	9	177
<i>Total Cash Receipts</i>	<u>163,491</u>	<u>311,725</u>	<u>320,000</u>	<u>9</u>	<u>795,225</u>
Cash Disbursements					
Current:					
Security of Persons and Property	74,919	85,982	0	0	160,901
Public Health Services	386	0	0	0	386
Leisure Time Activities	8,076	0	0	0	8,076
Community Environment	3,813	0	0	0	3,813
Basic Utility Services	38,694	0	0	0	38,694
Transportation	1,746	106,468	0	0	108,214
General Government	53,013	19,049	0	0	72,062
Capital Outlay	0	37,899	8,062	0	45,961
Debt Service:					
Redemption of Principal	7,000	0	51,876	0	58,876
Interest and Other Fiscal Charges	3,000	0	18,097	0	21,097
<i>Total Cash Disbursements</i>	<u>190,647</u>	<u>249,398</u>	<u>78,035</u>	<u>0</u>	<u>518,080</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(27,156)</u>	<u>62,327</u>	<u>241,965</u>	<u>9</u>	<u>277,145</u>
Other Financing Receipts (Disbursements)					
Transfers In	50,503	12,899	62,856	0	126,258
Transfers Out	0	(126,258)	0	0	(126,258)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>50,503</u>	<u>(113,359)</u>	<u>62,856</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>23,347</u>	<u>(51,032)</u>	<u>304,821</u>	<u>9</u>	<u>277,145</u>
<i>Fund Cash Balances, January 1</i>	<u>(5,470)</u>	<u>181,991</u>	<u>46,872</u>	<u>8,656</u>	<u>232,049</u>
Fund Cash Balances , December 31					
Nonspendable	0	0	0	8,665	8,665
Restricted	0	130,959	0	0	130,959
Committed	0	0	351,693	0	351,693
Unassigned	17,877	0	0	0	17,877
<i>Fund Cash Balances, December 31</i>	<u>\$17,877</u>	<u>\$130,959</u>	<u>\$351,693</u>	<u>\$8,665</u>	<u>\$509,194</u>

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

Village of Bolivar
Tuscarawas County
Statement of Receipts, Disbursements and Change in Fund Balance (Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2010

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$132,905
Fines, License and Permits	1,245
Miscellaneous	<u>11,052</u>
<i>Total Operating Cash Receipts</i>	<u>145,202</u>
Operating Cash Disbursements:	
Personal Services	65,806
Contractual Services	17,000
Supplies and Materials	<u>5,665</u>
<i>Total Operating Cash Disbursements</i>	<u>88,471</u>
Operating Income	<u>56,731</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental	100,000
Principal Retirement	(33,086)
Interest and Other Fiscal Charges	<u>(15,675)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>51,239</u>
<i>Change in Fund Cash Balance</i>	107,970
<i>Fund Cash Balance, January 1</i>	<u>15,192</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$123,162</u></u>

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Bolivar, Tuscarawas County, (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides general governmental services, including water and refuse utilities, park operations and police services. The Village contracts with the Bolivar Volunteer Fire Department to receive fire protection services.

The Village participates in the Lawrence Township Joint Recreational District, a jointly governed organization. Note 11 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This bases records gains or losses at the time of sale as receipts or disbursements, respectively.

Investments in Star Ohio are recorded at share values reported by the fund.

D. Fund Accounting

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

General Fund – The General Fund reports all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax, motor vehicle tax and transfers-in of income tax money for constructing, maintaining, and repairing Village streets.

Fire Levy Fund – This fund receives Lawrence Township property tax levy money for providing fire and EMS services from the Bolivar Volunteer Fire Department.

Income Tax Fund – This fund receives income tax money for the distribution (transfer) to various other funds in accordance with Village ordinances.

Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following Capital Project Fund:

Capital Fund – This fund receives grants and transfers-in of income tax money for capital projects.

Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Village's programs. The Village had the following Permanent fund:

Roy Parks Nonexpendable Trust Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for maintaining and preserving the Roy Parks Park.

Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following Enterprise Fund:

Water Fund – This fund receives charges for services from residents to cover water service costs.

Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments.

The Village has no fiduciary funds.

E. Budgetary Process

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

Appropriations

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

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 4.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

NOTE 2: RECLASSIFICATION OF PRIOR YEAR FUND BALANCE

During 2010, it was determined that the fund classification of the Roy Parks Park fund should be permanent rather than agency. There was no effect on the fund balance.

NOTE 3: EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2011</u>	<u>2010</u>
Demand deposits	\$455,573	\$600,723
Cash on hand	30	30
 Total deposits	 455,603	 600,753
 STAR Ohio	 31,621	 31,603
 Total deposits and investments	 <u>\$487,224</u>	 <u>\$632,356</u>

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

NOTE 4: BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$236,435	\$235,736	(\$699)
Special Revenue	336,635	340,100	3,465
Capital Project	62,607	64,209	1,602
Permanent	8	5	(3)
Enterprise	155,183	142,838	(12,345)
Total	<u>\$790,868</u>	<u>\$782,888</u>	<u>(\$7,980)</u>

Village of Bolivar
Tuscarawas County
Notes to the Financial Statements
December 31, 2011 and 2010

2011 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation	Actual	Variance
	Authority	Expenditures	
General	\$207,809	\$217,510	(\$9,701)
Special Revenue	447,204	367,550	79,654
Capital Project	414,300	80,474	333,826
Permanent	0	0	0
Enterprise	278,345	262,486	15,859
Total	<u>\$1,347,658</u>	<u>\$928,020</u>	<u>\$419,638</u>

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$211,695	\$213,994	\$2,299
Special Revenue	341,143	324,624	(16,519)
Capital Project	388,904	382,856	(6,048)
Permanent	12	9	(3)
Enterprise	233,663	245,202	11,539
Total	<u>\$1,175,417</u>	<u>\$1,166,685</u>	<u>(\$8,732)</u>

2010 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$207,608	\$190,647	\$16,961
Special Revenue	506,914	375,656	131,258
Capital Project	110,776	78,035	32,741
Permanent	0	0	0
Enterprise	145,855	137,232	8,623
Total	<u>\$971,153</u>	<u>\$781,570</u>	<u>\$189,583</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority; in the General fund by \$9,701, Municipal Income Tax fund by \$5,682 and Police Levy fund by \$23,032 for the year ended December 31, 2011; in the Municipal Income Tax fund by \$11,202 for the year ended December 31, 2010. Also contrary to Ohio law, appropriations exceeded estimated resources in the Fire Levy fund by \$6,141 for the year ended December 31, 2011.

NOTE 5: PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

NOTE 6: LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

NOTE 7: DEBT

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Bonds	<u>\$455,600</u>	5.39%

The Village issued the bonds for the purpose of paying the costs of acquiring real property to buffer and protect the Village’s wellfields.

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

Year ending December 31:	<u>Bond Debt</u>
2012	\$105,109
2013	105,109
2014	105,109
2015	105,109
2016	<u>105,109</u>
	<u>\$525,545</u>

NOTE 8: RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Firemen's Disability and Pension Funds (OP&F). Other full-time employees belong to the Public Employees' Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multi-employer plans. These plans provide retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

NOTE 9: RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles
- Commercial inland marine
- Public officials' liability
- Employers liability
- Employee benefits liability

The Village also provides health insurance and dental coverage to full-time employees through Tuscarawas County's benefit plan.

NOTE 10: CONTINGENT LIABILITIES

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

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

NOTE 11: JOINTLY GOVERNED ORGANIZATION

The Village participates in the Lawrence Township Joint Recreational District which is a jointly governed organization between Lawrence Township, the Village of Zoar and the Village of Bolivar. The District provides swimming and recreational activities for the residents of the participating communities.

NOTE 12: SUBSEQUENT EVENTS

In February 2012, the Village issued a \$50,000 property acquisition bond for the purpose of acquiring real property.

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

Village of Bolivar
Tuscarawas County
P.O. Box 117
Bolivar, Ohio 44612

To the Village Council:

We have audited the financial statements of the Village of Bolivar, Tuscarawas County, (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated July 27, 2012. 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 Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-01 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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*.

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

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 27, 2012.

We intend this report solely for the information and use of management, Village Council, and others within the Village. We intend it for no one other than these specified parties.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

July 27, 2012

VILLAGE OF BOLIVAR
TUSCARAWAS COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND DECEMBER 31, 2010

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

Finding 2011-01 Material Weakness

During our testing of the 2011 and 2010 municipal income tax revenues, the following discrepancies were noted:

- Audit checks of income tax returns were not performed.
- No determination of outstanding or unfiled returns was performed.

The above discrepancies may result in the loss of income tax revenues going undetected and financial statement misstatement.

To improve controls over income tax revenues we recommend:

- Audit checks of all income tax returns should be performed and signed off on by the person performing the audit check.
- Audit returns should be randomly sampled by someone other than the person performing the audit check to assure that audit checks are being properly performed.
- A listing of those required to submit income tax returns should be updated and reviewed on an ongoing basis to assure that all returns are being filed.

Management's Response:

Audit checks of all tax returns are now being done. All returns are being signed off on by the Tax Administrator as the audit is performed. Spot checks of audited returns are being periodically review by the Clerk/Treasurer. All refunds are being reviewed by the Clerk/Treasurer. All addresses are being checked and updated into the system.



Dave Yost • Auditor of State

VILLAGE OF BOLIVAR

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 30, 2013**