

**VILLAGE OF BOLIVAR**

TUSCARAWAS COUNTY

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED  
DECEMBER 31, 2013 AND DECEMBER 31, 2012

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 Auditor's Report* of the Village of Bolivar, Tuscarawas County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. 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.

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

February 13, 2015

**This page intentionally left blank.**

**VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY**

**TABLE OF CONTENTS**

Independent Auditor's Report.....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2013.....	3
Statement of Receipts, Disbursements, and Change in Fund Balance (Cash Basis) – Proprietary Fund Type – December 31, 2013.....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2012.....	5
Statement of Receipts, Disbursements, and Change in Fund Balance (Cash Basis) – Proprietary Fund Type – For the Year Ended December 31, 2012.....	6
Notes to the Financial Statements .....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings .....	17
Schedule of Prior Audit Findings.....	20

**This page intentionally left blank.**

**INDEPENDENT AUDITOR'S REPORT**

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

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Bolivar, Tuscarawas County, (the Village) as of and for the years ended December 31, 2013 and 2012.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Bolivar, Tuscarawas as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

*Varney, Fink & Associates*

VARNEY, FINK & ASSOCIATES, INC.  
Certified public Accountants

December 22, 2014



**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, 2013**

	General	Special Revenue	Debt Service	Capital Project	Permanent Fund	Totals (Memorandum Only)
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$43,779	\$69,327	\$0	\$0	\$0	\$113,106
Municipal Income Tax	0	146,205	0	0	0	146,205
Intergovernmental	272,755	119,400	0	112,338	0	504,493
Charges for Services	50,308	0	0	0	0	50,308
Fines, Licenses and Permits	18,706	0	0	0	0	18,706
Special Assessments	234	0	0	0	0	234
Earnings on Investments	96	12	0	0	4	112
Miscellaneous	875	0	0	0	0	875
<i>Total Cash Receipts</i>	<u>386,753</u>	<u>334,944</u>	<u>0</u>	<u>112,338</u>	<u>4</u>	<u>834,039</u>
<b>Cash Disbursements</b>						
Current:						
Security of Persons and Property	108,355	110,530	0	0	0	218,885
Public Health Services	69	0	0	0	0	69
Leisure Time Activities	19,802	0	0	0	0	19,802
Community Environment	9,890	0	0	137,685	0	147,575
Basic Utility Services	32,517	0	0	0	0	32,517
Transportation	5,907	93,598	0	0	0	99,505
General Government	114,848	13,271	0	0	0	128,119
Capital Outlay	0	0	0	35,822	0	35,822
Debt Service:						
Redemption of Principal	0	0	373,900	0	0	373,900
Interest and Other Fiscal Charges	0	0	12,409	0	0	12,409
<i>Total Cash Disbursements</i>	<u>291,388</u>	<u>217,399</u>	<u>386,309</u>	<u>173,507</u>	<u>0</u>	<u>1,068,603</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>95,365</u>	<u>117,545</u>	<u>(386,309)</u>	<u>(61,169)</u>	<u>4</u>	<u>(234,564)</u>
<b>Other Financing Receipts (Disbursements)</b>						
Transfers In	43,183	10,796	0	53,979	0	107,958
Transfers Out	0	(107,958)	0	0	0	(107,958)
Other Financing Sources	13	0	0	0	0	13
Other Financing Uses	(19,934)	0	0	0	0	(19,934)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>23,262</u>	<u>(97,162)</u>	<u>0</u>	<u>53,979</u>	<u>0</u>	<u>(19,921)</u>
<i>Net Change in Fund Cash Balances</i>	<u>118,627</u>	<u>20,383</u>	<u>(386,309)</u>	<u>(7,190)</u>	<u>4</u>	<u>(254,485)</u>
<i>Fund Cash Balances, January 1</i>	<u>(19,217)</u>	<u>117,398</u>	<u>949,065</u>	<u>186,959</u>	<u>9,031</u>	<u>1,243,236</u>
<b>Fund Cash Balances , December 31</b>						
Nonspendable	0	0	0	0	9,000	9,000
Restricted	0	110,993	562,756	144,111	35	817,895
Committed	0	0	0	35,658	0	35,658
Assigned	28,720	26,788	0	0	0	55,508
Unassigned	70,690	0	0	0	0	70,690
<i>Fund Cash Balances , December 31</i>	<u>\$99,410</u>	<u>\$137,781</u>	<u>\$562,756</u>	<u>\$179,769</u>	<u>\$9,035</u>	<u>\$988,751</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, 2013**

---

	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$140,828
Miscellaneous	1,433
	<u>142,261</u>
<i>Total Operating Cash Receipts</i>	<u>142,261</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	39,495
Fringe Benefits	9,761
Contractual Services	10,709
Supplies and Materials	20,392
	<u>80,357</u>
<i>Total Operating Cash Disbursements</i>	<u>80,357</u>
Operating Income	<u>61,904</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	654
Capital Outlay	(851)
Principal Retirement	(42,549)
Interest and Other Fiscal Charges	(5,506)
	<u>(48,252)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(48,252)</u>
<i>Net Change in Fund Cash Balance</i>	13,652
<i>Fund Cash Balance, January 1</i>	<u>48,586</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$62,238</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, 2012**

	General	Special Revenue	Debt Service	Capital Project	Permanent Fund	Totals (Memorandum Only)
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$42,823	\$67,898	\$0	\$0	\$0	\$110,721
Municipal Income Tax	0	141,859	0	0	0	141,859
Intergovernmental	30,657	116,647	0	12,662	0	159,966
Charges for Services	50,530	0	0	0	0	50,530
Fines, Licenses and Permits	15,611	0	0	0	0	15,611
Earnings on Investments	126	1	0	0	6	133
Miscellaneous	3,193	0	0	260	0	3,453
<i>Total Cash Receipts</i>	<u>142,940</u>	<u>326,405</u>	<u>0</u>	<u>12,922</u>	<u>6</u>	<u>482,273</u>
<b>Cash Disbursements</b>						
Current:						
Security of Persons and Property	92,613	99,185	0	0	0	191,798
Leisure Time Activities	13,729	0	0	0	0	13,729
Community Environment	1,099	0	0	220,127	0	221,226
Basic Utility Services	39,701	0	0	0	0	39,701
Transportation	3,988	42,942	0	0	0	46,930
General Government	92,907	19,312	0	0	0	112,219
Capital Outlay	0	41,963	0	1,883	0	43,846
Debt Service:						
Redemption of Principal	0	0	37,716	0	0	37,716
Interest and Other Fiscal Charges	0	0	10,655	0	0	10,655
<i>Total Cash Disbursements</i>	<u>244,037</u>	<u>203,402</u>	<u>48,371</u>	<u>222,010</u>	<u>0</u>	<u>717,820</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(101,097)</u>	<u>123,003</u>	<u>(48,371)</u>	<u>(209,088)</u>	<u>6</u>	<u>(235,547)</u>
<b>Other Financing Receipts (Disbursements)</b>						
Proceeds of Sale of Land	0	0	997,436	0	0	997,436
Transfers In	48,495	12,124	0	60,619	355	121,593
Transfers Out	(355)	(121,238)	0	0	0	(121,593)
Other Financing Sources	560	0	0	0	0	560
Other Financing Uses	(2,923)	0	0	0	0	(2,923)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>45,777</u>	<u>(109,114)</u>	<u>997,436</u>	<u>60,619</u>	<u>355</u>	<u>995,073</u>
<i>Net Change in Fund Cash Balances</i>	<u>(55,320)</u>	<u>13,889</u>	<u>949,065</u>	<u>(148,469)</u>	<u>361</u>	<u>759,526</u>
<i>Fund Cash Balances, January 1</i>	<u>36,103</u>	<u>103,509</u>	<u>0</u>	<u>335,428</u>	<u>8,670</u>	<u>483,710</u>
<b>Fund Cash Balances , December 31</b>						
Nonspendable	0	0	0	0	9,000	9,000
Restricted	0	115,586	949,065	169,458	31	1,234,140
Committed	0	0	0	17,501	0	17,501
Assigned	0	1,812	0	0	0	1,812
Unassigned	(19,217)	0	0	0	0	(19,217)
<i>Fund Cash Balances, December 31</i>	<u>(\$19,217)</u>	<u>\$117,398</u>	<u>\$949,065</u>	<u>\$186,959</u>	<u>\$9,031</u>	<u>\$1,243,236</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, 2012**

---

	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$145,782
Miscellaneous	<u>6,863</u>
<i>Total Operating Cash Receipts</i>	<u>152,645</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	36,998
Fringe Benefits	13,335
Contractual Services	20,177
Supplies and Materials	<u>20,052</u>
<i>Total Operating Cash Disbursements</i>	<u>90,562</u>
Operating Income	<u>62,083</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Capital Outlay	(719)
Proceeds of Notes	50,000
Principal Retirement	(51,437)
Interest and Other Fiscal Charges	<u>(14,855)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(17,011)</u>
<i>Change in Fund Cash Balance</i>	45,072
<i>Fund Cash Balance, January 1</i>	<u>3,514</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$48,586</u></u>

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

Village of Bolivar  
Tuscarawas County  
Notes to the Financial Statements  
December 31, 2013 and 2012

---

**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 9 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 basis 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:

1. **General Fund** – The General Fund reports all financial resources not accounted for and reported in another fund.

Village of Bolivar  
Tuscarawas County  
Notes to the Financial Statements  
December 31, 2013 and 2012

---

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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.

**3. Debt Service Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Bond Retirement Fund – this fund receives funds for retiring principal and interest on Real Property Acquisition Bonds.

**4. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following Capital Project Fund:

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

**5. Permanent Funds**

These funds account and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). 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.

Village of Bolivar  
Tuscarawas County  
Notes to the Financial Statements  
December 31, 2013 and 2012

---

**6. 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.

**7. 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.

**1. 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. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the 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 2013 and 2012 budgetary activity appears in Note 3.

**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:

Village of Bolivar  
Tuscarawas County  
Notes to the Financial Statements  
December 31, 2013 and 2012

---

**1. Nonspendable**

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

**2. 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.

**3. 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.

**4. 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.

**5. 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.



Village of Bolivar  
Tuscarawas County  
Notes to the Financial Statements  
December 31, 2013 and 2012

---

**NOTE 2: 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:

	2013	2012
Demand deposits	\$1,041,924	\$1,282,762
Cash on hand	30	30
Total deposits	1,041,954	1,282,792
STAR Ohio	9,035	9,030
Total deposits and investments	\$1,050,989	\$1,291,822

**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 3: BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$432,856	\$429,949	(\$2,907)
Special Revenue	328,564	345,740	17,176
Debt Service	0	0	0
Capital Project	79,500	166,317	86,817
Permanent	5	4	(1)
Enterprise	185,500	142,915	(42,585)
Total	\$1,026,425	\$1,084,925	\$58,500

Village of Bolivar  
Tuscarawas County  
Notes to the Financial Statements  
December 31, 2013 and 2012

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,163,598	\$340,042	\$823,556
Special Revenue	426,883	325,357	101,526
Debt Service	0	386,309	(386,309)
Capital Project	216,798	173,507	43,291
Permanent	38	0	38
Enterprise	234,361	129,263	105,098
Total	<u>\$2,041,678</u>	<u>\$1,354,478</u>	<u>\$687,200</u>

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$258,678	\$191,995	(\$66,683)
Special Revenue	377,477	338,529	(38,948)
Debt Service	0	997,436	997,436
Capital Project	107,694	73,541	(34,153)
Permanent	358	361	3
Enterprise	202,786	202,645	(141)
Total	<u>\$946,993</u>	<u>\$1,804,507</u>	<u>\$857,514</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$216,002	\$250,313	(\$34,311)
Special Revenue	473,708	324,640	149,068
Debt Service	0	48,371	(48,371)
Capital Project	435,122	222,010	213,112
Permanent	8,674	0	8,674
Enterprise	158,697	157,573	1,124
Total	<u>\$1,292,203</u>	<u>\$1,002,907</u>	<u>\$289,296</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority; in the General fund by \$34,311, the Bond Retirement Fund by \$48,371 and the Municipal Income Tax fund by \$10,300 for the year ended December 31, 2012 and for the year ended December 31, 2013 the Bond Retirement Fund by \$386,309. Also, contrary to Ohio Law, at December 31, 2012, the General fund had a cash deficit balance of \$19,217.

**NOTE 4: 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

Village of Bolivar  
Tuscarawas County  
Notes to the Financial Statements  
December 31, 2013 and 2012

---

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.

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

**NOTE 5: 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 6: RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees' Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multi-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For January-June 30, 2013 and 2012, OP&F participants contributed 10% of their wages and 10.75% July 1-December 2013. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2013 and 2012, 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, 2013.

**NOTE 7: 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.

Village of Bolivar  
Tuscarawas County  
Notes to the Financial Statements  
December 31, 2013 and 2012

---

**NOTE 8: 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 9: 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.

**INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Bolivar, Tuscarawas County, (the Village) as of and for the year ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2014.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-001 and 2013-002 described in the accompanying schedule of findings to be material weaknesses.

***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, opining 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 instances of

noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2013-003 through 2013-006.

***Village's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Varney, Fink & Associates*

VARNEY, FINK & ASSOCIATES, INC.  
Certified public Accountants

December 22, 2014

**VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

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

**FINDING NUMBER 2013-001**

**Material Weakness**

Sound financial reporting is the responsibility of the fiscal officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Several reclassifications were posted to the Village's December 31, 2013 and 2012 financial statements to accurately reflect account balances. These adjustments and reclassifications ranged from \$11 to \$997,436. Below are descriptions of the errors included on the financial statements provided by the client.

1. Property Taxes and intergovernmental receipts were not properly classified and receipted to improper funds.
2. Expenditures were paid out of improper funds.
3. Transfers were not allocated properly per Village ordinance.
4. Note proceeds were not properly classified.
5. Principal and interest payments were not classified properly.
6. Proceeds from sale of property were not properly recorded.

The adjustments and reclassifications identified during the audit should be reviewed by the fiscal officer to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the Village should adopt policies and procedures, including a final review of the financial statements and note disclosures by the fiscal officer and governing board, to identify and correct errors and omissions.

**Official's Response:**

All expenditures paid are being carefully reviewed on an ongoing basis to assure they are classified to the proper fund, program and object codes.

**FINDING NUMBER 2013-002**

**Material Weakness**

During our testing of the 2013 and 2012 municipal income tax revenues, the following discrepancy was noted:

- No determination of outstanding or unfiled returns was performed.

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

To improve controls over income tax revenues we recommend:

- 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.

**Official's Response:**

Currently working with the new income tax consultant to correct this issue from happening in the future. Measures are being taken to update files and contact non-filers. Clean up has been ongoing.

**FINDING NUMBER 2013-003**

**Noncompliance**

Section 5705.41(B), Ohio Revised Code, states that no subdivision or taxing unit is to expend money unless it has been appropriated.

In 2013, expenditures plus encumbrances exceed appropriations in the following fund:

	Appropriations	Expenditures	Variance
Debt Service	-	\$386,309	(\$386,309)

In 2012, expenditures plus encumbrances exceeded appropriations in the following funds:

	Appropriations	Expenditures	Variance
General Fund	\$216,002	\$250,313	(\$34,311)
Income Tax Fund	\$130,275	\$140,575	(\$10,300)
Debt Service Funds	-	\$48,371	(\$48,371)

**Official's Response:**

Current Clerk/Treasurer is monitoring expenses and revenue more closely to prevent this from recurring.

**FINDING NUMBER 2013-004**

**Noncompliance**

Section 5705.14 and 5705.16, Ohio Revised Code, states that except in the case of transfers from the General Fund, transfers can be made only by resolution of the taxing authority passed with the affirmative vote of two thirds of the board members.

In 2012 and 2013 the Village Council appropriated transfers in the amount of \$110,475 and \$107,958, respectively in the Income Tax Fund (Special Fund), however, they did not pass a resolution authorizing any of the transfers made from the Income Tax Fund.

The transfers of the Village should be authorized by Village Council by resolution passed with the affirmative vote of two thirds of the board members.



**Official's Response:**

Corrected in 2014. All monthly Village of Bolivar Income Tax deposits are being directly deposited into the General Fund (60%), Street Fund (15%) and Capital Fund (25%) after all expenses are paid in the income tax fund per Ordinance # 89-2014.

**FINDING NUMBER 2013-005**

**Noncompliance**

Ohio Revised Code Section 5705.10(F) states "if a permanent improvement of the subdivision is sold, the amount received from the sale shall be paid into the sinking fund, the bond retirement fund, or a special fund for the construction or acquisition of permanent improvements."

In 2012, the Village sold Village land for \$997,436 and recorded the proceeds in the General Fund. The Village still had outstanding bonds from the purchase of the property but had not established a sinking fund or bond retirement fund.

The Village has now established a debt service fund, and made the necessary adjustments to the properly account for the sale and debt service activity.

**Official's Response:**

It was disclosed at the post audit conference corrections needed to be made prior to year end 2014, dating back to 2012 and 2013. Errors have been corrected effective immediately.

**FINDING NUMBER 2013-006**

**Noncompliance**

Ohio Revised Code Section 5705.10 requires that money paid into a fund must be used only for the purposes for which such fund was established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

As a result of audit adjustments, the Village has a negative fund balance at December 31, 2012 of \$19,217 in the General Fund.

**Official's Response:**

It was disclosed at the post audit conference corrections needed to be made prior to year end 2014, dating back to 2012 and 2013. Errors have been corrected effective immediately.

**VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2011-001	Municipal Income Tax Revenues	No	Partially Corrected: Re-issued as finding <b>2013-002</b>



# 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  
FEBRUARY 26, 2015**