

**Village of Bolivar**  
*Audited Financial Statements*

*December 31, 2007 and 2006*





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Bolivar  
109 North Central Avenue  
P.O. Box 117  
Bolivar, Ohio 44612

We have reviewed the *Independent Auditor's Report* of the Village of Bolivar, Tuscarawas County, prepared by Rea & Associates, Inc., for the audit period January 1, 2006 through December 31, 2007. 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 Auditor's 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 Auditor's 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 8, 2008

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VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY

DECEMBER 31, 2007 AND 2006

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## Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020  
New Philadelphia, OH 44663-5120

June 20, 2008

Mayor and Members of Council  
Village of Bolivar  
Bolivar, OH 44612

### **Independent Auditor's Report**

We have audited the accompanying financial statements of the Village of Bolivar (the "Village") as of and for the years ended December 31, 2007 and 2006, as listed in the table of contents. 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 that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, 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.

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, 2007 and 2006 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, 2007 and 2006, or its changes in financial position 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 and reserves for encumbrances of the Village of Bolivar, Tuscarawas County, as of December 31, 2007 and 2006 and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2008, 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.

*Rea & Associates, Inc.*



VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007

	General	Special Revenue	Capital Projects	(Memorandum Only) Total
<b>CASH RECEIPTS:</b>				
Taxes	\$ 46,910	\$ 247,523	\$ 0	\$ 294,433
Intergovernmental Revenue	37,663	56,997	0	94,660
Charges For Services	50,098	0	0	50,098
Fines, Licenses and Permits	8,203	0	0	8,203
Interest	3,631	406	0	4,037
Total Cash Receipts	146,505	304,926	0	451,431
<b>CASH DISBURSEMENTS:</b>				
Current:				
Security of Persons	46,063	92,119	0	138,182
Leisure Time Activities	12,605	0	0	12,605
Community Environment	1,275	0	0	1,275
Basic Utility Services	39,949	0	0	39,949
Transportation	3,194	106,052	0	109,246
General Government	82,706	18,598	0	101,304
Debt Service:				
Principal	6,922	0	23,095	30,017
Interest	8,078	0	11,905	19,983
Total Cash Disbursements	200,792	216,769	35,000	452,561
Total Cash Receipts Over (Under) Cash Disbursements	(54,287)	88,157	(35,000)	(1,130)
<b>OTHER FINANCING RECEIPTS (DISBURSEMENTS):</b>				
Sale of Fixed Assets	6,500	0	0	6,500
Transfers - In	41,731	47,692	29,808	119,231
Transfers - Out	0	(119,231)	0	(119,231)
Total Other Financing Receipts (Disbursements)	48,231	(71,539)	29,808	6,500
Total Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(6,056)	16,618	(5,192)	5,370
FUND CASH BALANCES, January 1, 2007	72,255	186,072	13,858	272,185
FUND CASH BALANCES, December 31, 2007	\$ 66,199	\$ 202,690	\$ 8,666	\$ 277,555
RESERVE FOR ENCUMBRANCES	\$ 0	\$ 0	\$ 0	\$ 0

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
AND NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Proprietary</u>	<u>Fiduciary</u>
	<u>Enterprise Funds</u>	<u>Nonexpendable Trust Fund</u>
OPERATING CASH RECEIPTS:		
Charges for services	\$ 119,015	\$ 0
Fines, License and Permits	5,083	0
Interest	0	739
	<u>124,098</u>	<u>739</u>
Total Operating Cash Receipts		
OPERATING CASH DISBURSEMENTS:		
Personal services	57,819	1,132
Contractual services	33,254	0
Material and supplies	10,288	0
Capital outlay	1,732	0
	<u>103,093</u>	<u>1,132</u>
Total Operating Cash Disbursements		
Operating Income	21,005	(393)
NON-OPERATING CASH DISBURSEMENTS:		
Debt service:		
Principal retirement	38,337	0
Interest and fiscal charges	28,542	0
	<u>66,879</u>	<u>0</u>
Total Non-operating Cash Disbursements		
Net Cash Receipts Over Cash Disbursements	(45,874)	(393)
FUND CASH BALANCES, January 1, 2007	<u>69,056</u>	<u>9,511</u>
FUND CASH BALANCES, December 31, 2007	<u>\$ 23,182</u>	<u>\$ 9,118</u>
RESERVE FOR ENCUMBRANCES	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006

	General	Special Revenue	Capital Projects	(Memorandum Only) Total
<b>CASH RECEIPTS:</b>				
Taxes	\$ 48,602	\$ 201,986	\$ 0	\$ 250,588
Intergovernmental Revenue	38,317	57,270	0	95,587
Charges For Services	46,663	0	0	46,663
Fines, Licenses and Permits	7,258	432	0	7,690
Interest	4,036	46	62	4,144
Miscellaneous	11,168	0	0	11,168
<b>Total Cash Receipts</b>	<b>156,044</b>	<b>259,734</b>	<b>62</b>	<b>415,840</b>
<b>CASH DISBURSEMENTS:</b>				
<b>Current:</b>				
Security of Persons	54,124	24,795	0	78,919
Public Health Services	174	0	0	174
Leisure Time Activities	13,674	0	0	13,674
Community Environment	8,201	0	0	8,201
Basic Utility Services	38,112	0	0	38,112
Transportation	2,090	104,643	0	106,733
General Government	66,619	18,153	0	84,772
Capital Outlay	0	56,238	5,218	61,456
<b>Debt Service:</b>				
Principal	11,302	0	17,185	28,487
Interest	8,698	0	12,815	21,513
<b>Total Cash Disbursements</b>	<b>202,994</b>	<b>203,829</b>	<b>35,218</b>	<b>442,041</b>
<b>Total Cash Receipts Over (Under) Cash Disbursements</b>	<b>(46,950)</b>	<b>55,905</b>	<b>(35,156)</b>	<b>(26,201)</b>
<b>OTHER FINANCING RECEIPTS (DISBURSEMENTS):</b>				
Transfers - In	47,231	53,979	33,736	134,946
Transfers - Out	0	(134,946)	0	(134,946)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>47,231</b>	<b>(80,967)</b>	<b>33,736</b>	<b>0</b>
<b>Total Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements</b>	<b>281</b>	<b>(25,062)</b>	<b>(1,420)</b>	<b>(26,201)</b>
<b>FUND CASH BALANCES, January 1, 2006</b>	<b>71,974</b>	<b>211,134</b>	<b>15,278</b>	<b>298,386</b>
<b>FUND CASH BALANCES, December 31, 2006</b>	<b>\$ 72,255</b>	<b>\$ 186,072</b>	<b>\$ 13,858</b>	<b>\$ 272,185</b>
<b>RESERVE FOR ENCUMBRANCES</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
AND NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Proprietary	Fiduciary
	Enterprise Fund	Nonexpendable Trust Fund
<b>OPERATING CASH RECEIPTS:</b>		
Charges for services	\$ 112,640	\$ 0
Fines, License and Permits	1,400	0
Interest	0	618
Total Operating Cash Receipts	114,040	618
<b>OPERATING CASH DISBURSEMENTS:</b>		
Personal services	53,509	425
Contractual services	44,713	0
Material and supplies	11,402	0
Capital outlay	111,468	0
Total Operating Cash Disbursements	221,092	425
Operating Income (Loss)	(107,052)	193
<b>NON-OPERATING CASH RECEIPTS:</b>		
Loan Proceeds	80,000	0
Total Non-Operating Cash Receipts	80,000	0
<b>NON-OPERATING CASH DISBURSEMENTS:</b>		
Debt service:		
Principal retirement	31,909	0
Interest and fiscal charges	25,304	0
Total Non-Operating Disbursements	57,213	0
Net Cash Receipts Over Cash Disbursements	(84,265)	193
FUND CASH BALANCES, January 1, 2006	153,321	9,318
FUND CASH BALANCES, December 31, 2006	\$ 69,056	\$ 9,511
RESERVE FOR ENCUMBRANCES	\$ 0	\$ 0

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Bolivar, Tuscarawas County, (The Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and refuse utilities, park operations (leisure time activities), and police service. The Village contracts with the Bolivar Volunteer Fire Department to provide fire protection services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded 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 to use. The Village classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

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

**VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Street Construction, Maintenance and Repair Fund* – This fund receives gasoline taxes and motor vehicle tax money for constructing, maintaining and repairing Village streets.

*Street Construction Levy Fund* – This fund provides revenues to help maintain and repair streets within the Village.

*Fire Levy Fund* – This fund receives cash receipts to provide basic fire protection services.

*Income Tax Fund* – This fund is used to record the collection of self-assessed taxes, the cost of collecting such tax and the distribution (transfer) to various other funds in accordance with Village ordinances.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except for those financed through enterprise or trust funds). The Village has the following significant Capital Projects Funds:

*Construction Fund* – This fund receives cash receipts to pay for the construction of a library in the Village.

*Capital Fund* – This fund receives cash receipts to pay for general construction projects within the Village.

Enterprise Fund

This fund is used to account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following Enterprise Fund:

*Water Fund* – This fund receives charges for services from residents to cover the cost of providing water utility services.

Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village has no agency funds. The Village has the following fiduciary fund:

*Roy Parks Nonexpendable Trust Fund* – This fund uses the interest earned from funds maintained in the nonexpendable trust account for maintaining and preserving the Roy Parks Park.

**VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 commitments are made. Encumbrances outstanding at year end are cancelled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**NOTE 2: EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2007	2006
Demand deposits	\$ 248,884	\$ 303,374
Cash on hand	30	30
Total deposits	248,914	303,404
STAR Ohio	65,214	62,013
Total deposits and investments	\$ 314,128	\$ 365,417

Deposits

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) 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 ended December 31, 2007 and 2006 is below. Also, see Note 5 relating to interfund transfers.

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	Budgeted Receipts	Actual Receipts	Variance
General	\$ 255,084	\$ 194,736	\$ (60,348)
Special Revenue	519,920	352,618	(167,302)
Capital Projects	42,600	29,808	(12,792)
Enterprise	198,327	124,098	(74,229)
Fiduciary	10,132	739	(9,393)
Total	\$ 1,026,063	\$ 701,999	\$ (324,064)



**VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**NOTE 3: BUDGETARY ACTIVITY (Continued)**

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 255,084	\$ 200,792	\$ 54,292
Special Revenue	519,920	336,000	183,920
Capital Projects	42,600	35,000	7,600
Enterprise	198,327	169,972	28,355
Fiduciary	10,132	1,132	9,000
 Total	 <u>\$ 1,026,063</u>	 <u>\$ 742,896</u>	 <u>\$ 283,167</u>

2006 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 252,744	\$ 203,275	\$ (49,469)
Special Revenue	516,002	313,713	(202,289)
Capital Projects	40,278	33,798	(6,480)
Enterprise	347,171	194,040	(153,131)
Fiduciary	763	618	(145)
 Total	 <u>\$ 1,156,958</u>	 <u>\$ 745,444</u>	 <u>\$ (411,514)</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 252,744	\$ 202,994	\$ 49,750
Special Revenue	516,002	338,775	177,227
Capital Projects	40,278	35,218	5,060
Enterprise	347,171	278,305	68,866
Fiduciary	763	425	338
 Total	 <u>\$ 1,156,958</u>	 <u>\$ 855,717</u>	 <u>\$ 301,241</u>

**VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

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NOTE 4: PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the financial statements as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual payments, 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 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 5: LOCAL INCOME TAX

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

Income tax receipts are recorded in the Income Tax Special Revenue Fund and the net receipts are distributed by way of transfer to the General Fund, Street Fund, and the Capital Fund in accordance with Ordinance #1996-615 Section 14. Transfers to the Street Fund of \$47,692 and \$53,979 are not reflected in the combined financial statements for 2007 and 2006. Transfers made between special revenue funds are reported at net. However, the transfers are included in Note 3, Budgetary Activity.

**VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**NOTE 6: DEBT**

The Village's note activity, including amount outstanding, interest rate, and the purpose for which the note was issued is as follows:

	<u>Outstanding 12/31/2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/2006</u>
5.39% Bonds issued September 27, 2004	\$ 863,800	\$ 0	\$ 59,500	\$ 804,300
	<u>Outstanding 12/31/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/2007</u>
5.39% Bonds issued September 27, 2004	\$ 804,300	\$ 0	\$ 62,700	\$ 741,600
	<u>Outstanding 12/31/2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/2006</u>
7.75% Bank Loan Trophsky Purchase, 2006	\$ 0	\$ 80,000	\$ 896	\$ 79,104
	<u>Outstanding 12/31/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/2007</u>
7.75% Bank Loan Trophsky Purchase, 2006	\$ 79,104	\$ 0	\$ 5,654	\$ 73,450

In December 2006, the Village purchased the Trophsky Farm for the amount of \$80,000 through a Bank Loan. The purchase was in an effort to protect the Village's well fields.

Amortization of the above debt is scheduled as follows:

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 66,300	\$ 39,106
2009	68,600	35,500
2010	73,700	31,698
2011	77,400	27,688
2012	81,700	23,458
2013-2016	<u>373,900</u>	<u>97,872</u>
Totals	<u>\$ 741,600</u>	<u>\$ 255,322</u>

**VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

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**NOTE 6: DEBT (Continued)**

Year ending December 31:	Principal	Interest
2008	\$ 6,106	\$ 5,556
2009	6,615	5,048
2010	7,148	4,515
2011	53,581	3,322
Totals	\$ 73,450	\$ 18,441

**NOTE 7: 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006 members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of participant's gross salaries. PERS members contributed 8.5% of their wages. For 2007 and 2006, the Village contributed an amount equal to 13.85% and 13.70%, respectively, of PERS participant's gross salaries. The Village has paid all contributions required through December 31, 2007.

**NOTE 8: RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Commercial inland marine
- General liability
- 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 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.



## Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020  
New Philadelphia, OH 44663-5120

June 20, 2008

Village Council  
Village of Bolivar  
Bolivar, OH 44612

Independent Auditor's Report on Internal Control Over Financial Reporting  
And on Compliance and Other Matters Required by  
Government Auditing Standards

We have audited the financial statements of the Village of Bolivar (the "Village") as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 20, 2008, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

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

We noted certain matters that we reported to the Village's management in a separate letter dated June 20, 2008.

Village of Bolivar  
Independent Auditor's Report on Internal Control Over  
Financial Reporting And on Compliance and Other  
Matters Required by Government Auditing Standards  
June 20, 2008  
Page 2

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 effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Village's management in a separate letter dated June 20, 2008

This report is intended for the information and use of Mayor, Council, and management and is not intended to be and should not be used by anyone other than these specific parties.

*Rea & Associates, Inc.*



**Mary Taylor, CPA**  
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 22, 2008**