

# **Village of Bolivar**

*Audited Financial Statements*

*December 31, 2005 and 2004*





**Auditor of State  
Betty Montgomery**

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, 2004 through December 31, 2005. 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.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

September 27, 2006

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VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY

DECEMBER 31, 2005 AND 2004

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July 26, 2006

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, 2005 and 2004, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to generally accepted accounting principles would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting the entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Village does not follow generally accepted accounting principles, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new generally accepted accounting principles presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use generally accepted accounting principles to measure financial statement amounts, 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, 2005 and 2004 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, 2005 and 2004, 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, 2005 and 2004 and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. 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 July 26, 2006, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audits.

*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, 2005

|   | General          | Special<br>Revenue | Capital<br>Projects | (Memorandum<br>Only)<br>Total |
|---|------------------|--------------------|---------------------|-------------------------------|
| <b>CASH RECEIPTS:</b>   |                  |                    |                     |                               |
| Taxes   | \$ 45,437        | \$ 170,692         | \$ 0                | \$ 216,129                    |
| Intergovernmental Revenue   | 38,464           | 55,603             | 0                   | 94,067                        |
| Charges For Services  | 49,161           | 0                  | 0                   | 49,161                        |
| Fines, Licenses and Permits   | 6,136            | 0                  | 0                   | 6,136                         |
| Interest  | 3,901            | 517                | 0                   | 4,418                         |
| Miscellaneous   | 585              | 0                  | 0                   | 585                           |
| <b>Total Cash Receipts</b>  | <b>143,684</b>   | <b>226,812</b>     | <b>0</b>            | <b>370,496</b>                |
| <b>CASH DISBURSEMENTS:</b>  |                  |                    |                     |                               |
| <b>Current:</b>   |                  |                    |                     |                               |
| Security of Persons   | 61,394           | 6,225              | 0                   | 67,619                        |
| Leisure Time Activities   | 15,499           | 0                  | 0                   | 15,499                        |
| Community Environment   | 1,523            | 0                  | 0                   | 1,523                         |
| Basic Utility Services  | 38,006           | 0                  | 0                   | 38,006                        |
| Transportation  | 4,803            | 74,989             | 0                   | 79,792                        |
| General Government  | 58,566           | 17,957             | 0                   | 76,523                        |
| Capital Outlay  | 0                | 29,570             | 15,530              | 45,100                        |
| <b>Debt Service:</b>  |                  |                    |                     |                               |
| Principal   | 0                | 0                  | 35,700              | 35,700                        |
| Interest  | 0                | 0                  | 24,794              | 24,794                        |
| <b>Total Cash Disbursements</b>   | <b>179,791</b>   | <b>128,741</b>     | <b>76,024</b>       | <b>384,556</b>                |
| <b>Total Cash Receipts Over (Under) Cash Disbursements</b>  | <b>(36,107)</b>  | <b>98,071</b>      | <b>(76,024)</b>     | <b>(14,060)</b>               |
| <b>OTHER FINANCING RECEIPTS (DISBURSEMENTS):</b>  |                  |                    |                     |                               |
| Sale of Fixed Assets  | 11               | 0                  | 0                   | 11                            |
| Transfers - In  | 42,125           | 0                  | 30,089              | 72,214                        |
| Transfers - Out   | 0                | (72,214)           | 0                   | (72,214)                      |
| <b>Total Other Financing Receipts (Disbursements)</b>   | <b>42,136</b>    | <b>(72,214)</b>    | <b>30,089</b>       | <b>11</b>                     |
| <b>Total Cash Receipts and Other Financing Receipts<br/>Over (Under) Cash Disbursements and Other<br/>Financing Disbursements</b> | <b>6,029</b>     | <b>25,857</b>      | <b>(45,935)</b>     | <b>(14,049)</b>               |
| <b>FUND CASH BALANCES, January 1, 2005</b>  | <b>65,945</b>    | <b>185,277</b>     | <b>61,213</b>       | <b>312,435</b>                |
| <b>FUND CASH BALANCES, December 31, 2005</b>  | <b>\$ 71,974</b> | <b>\$ 211,134</b>  | <b>\$ 15,278</b>    | <b>\$ 298,386</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, 2005

|  | <u>Proprietary</u>          | <u>Fiduciary</u>                    |
|--|-----------------------------|-------------------------------------|
|  | <u>Enterprise<br/>Funds</u> | <u>Nonexpendable<br/>Trust Fund</u> |
| OPERATING CASH RECEIPTS:               |                             |                                     |
| Charges for services                   | \$ 113,293                  | \$ 0                                |
| Interest                               | 0                           | 411                                 |
|  | <u>113,293</u>              | <u>411</u>                          |
| Total Operating Cash Receipts          |                             |                                     |
| OPERATING CASH DISBURSEMENTS:          |                             |                                     |
| Personal services                      | 50,955                      | 202                                 |
| Contractual services                   | 51,850                      | 0                                   |
| Material and supplies                  | 14,413                      | 0                                   |
| Capital outlay                         | 19,180                      | 0                                   |
|  | <u>136,398</u>              | <u>202</u>                          |
| Total Operating Cash Disbursements     |                             |                                     |
| Operating Income                       | (23,105)                    | 209                                 |
| NON-OPERATING CASH DISBURSEMENTS:      |                             |                                     |
| Debt service:                          |                             |                                     |
| Principal retirement                   | 20,500                      | 0                                   |
| Interest and fiscal charges            | 24,048                      | 0                                   |
|  | <u>44,548</u>               | <u>0</u>                            |
| Total Non-operating Cash Disbursements |                             |                                     |
| FUND CASH BALANCES, January 1, 2005    | <u>220,974</u>              | <u>9,109</u>                        |
| FUND CASH BALANCES, December 31, 2005  | <u>\$ 153,321</u>           | <u>\$ 9,318</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, 2004

|   | General          | Special<br>Revenue | Capital<br>Projects | (Memorandum<br>Only)<br><u>Total</u> |
|---|------------------|--------------------|---------------------|--------------------------------------|
| <b>CASH RECEIPTS:</b>   |                  |                    |                     |                                      |
| Taxes   | \$ 46,483        | \$ 170,831         | \$ 0                | \$ 217,314                           |
| Intergovernmental Revenue   | 44,058           | 58,340             | 0                   | 102,398                              |
| Charges For Services  | 49,693           | 0                  | 0                   | 49,693                               |
| Fines, Licenses and Permits   | 6,957            | 0                  | 0                   | 6,957                                |
| Interest  | 3,327            | 372                | 0                   | 3,699                                |
| Miscellaneous   | 802              | 0                  | 0                   | 802                                  |
| <b>Total Cash Receipts</b>  | <b>151,320</b>   | <b>229,543</b>     | <b>0</b>            | <b>380,863</b>                       |
| <b>CASH DISBURSEMENTS:</b>  |                  |                    |                     |                                      |
| <b>Current:</b>   |                  |                    |                     |                                      |
| Security of Persons   | 77,399           | 15,678             | 0                   | 93,077                               |
| Public Health Services  | 784              | 0                  | 0                   | 784                                  |
| Leisure Time Activities   | 12,177           | 0                  | 0                   | 12,177                               |
| Community Environment   | 5,108            | 0                  | 0                   | 5,108                                |
| Basic Utility Services  | 38,929           | 0                  | 0                   | 38,929                               |
| Transportation  | 6,153            | 75,556             | 0                   | 81,709                               |
| General Government  | 66,566           | 21,607             | 0                   | 88,173                               |
| Capital Outlay  | 0                | 26,944             | 2,932               | 29,876                               |
| <b>Total Cash Disbursements</b>   | <b>207,116</b>   | <b>139,785</b>     | <b>2,932</b>        | <b>349,833</b>                       |
| <b>Total Cash Receipts Over (Under) Cash Disburseme</b>   | <b>(55,796)</b>  | <b>89,758</b>      | <b>(2,932)</b>      | <b>31,030</b>                        |
| <b>OTHER FINANCING RECEIPTS (DISBURSEMENTS):</b>  |                  |                    |                     |                                      |
| Transfers - In  | 40,678           | 0                  | 29,056              | 69,734                               |
| Transfers - Out   | 0                | (69,734)           | 0                   | (69,734)                             |
| <b>Total Other Financing Receipts (Disbursements)</b>   | <b>40,678</b>    | <b>(69,734)</b>    | <b>29,056</b>       | <b>0</b>                             |
| <b>Total Cash Receipts and Other Financing Receipts<br/>Over (Under) Cash Disbursements and Other<br/>Financing Disbursements</b> | <b>(15,118)</b>  | <b>20,024</b>      | <b>26,124</b>       | <b>31,030</b>                        |
| <b>FUND CASH BALANCES, January 1, 2004</b>  | <b>81,063</b>    | <b>165,253</b>     | <b>35,089</b>       | <b>281,405</b>                       |
| <b>FUND CASH BALANCES, December 31, 2004</b>  | <b>\$ 65,945</b> | <b>\$ 185,277</b>  | <b>\$ 61,213</b>    | <b>\$ 312,435</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, 2004

|                                       | <u>Proprietary</u>         | <u>Fiduciary</u>                    |
|---------------------------------------|----------------------------|-------------------------------------|
|                                       | <u>Enterprise<br/>Fund</u> | <u>Nonexpendable<br/>Trust Fund</u> |
| OPERATING CASH RECEIPTS:              |                            |                                     |
| Charges for services                  | \$ 110,728                 | \$ 0                                |
| Fines, License and Permits            | 33                         | 0                                   |
| Interest                              | 0                          | 166                                 |
|                                       | <u>110,761</u>             | <u>166</u>                          |
| Total Operating Cash Receipts         |                            |                                     |
| OPERATING CASH DISBURSEMENTS:         |                            |                                     |
| Personal services                     | 49,738                     | 97                                  |
| Contractual services                  | 45,617                     | 0                                   |
| Material and supplies                 | 10,897                     | 0                                   |
| Capital outlay                        | 921,235                    | 0                                   |
|                                       | <u>1,027,487</u>           | <u>97</u>                           |
| Total Operating Cash Disbursements    |                            |                                     |
| Operating Income                      | (916,726)                  | 69                                  |
| NON-OPERATING CASH RECEIPTS:          |                            |                                     |
| Sale of Notes                         | 920,000                    | 0                                   |
|                                       | <u>920,000</u>             | <u>0</u>                            |
| Total Non-Operating Cash Receipts     |                            |                                     |
| FUND CASH BALANCES, January 1, 2004   | <u>217,700</u>             | <u>9,040</u>                        |
| FUND CASH BALANCES, December 31, 2004 | <u>\$ 220,974</u>          | <u>\$ 9,109</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**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

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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, 2005 AND 2004**

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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, 2005 AND 2004**

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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 fund 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 2005 and 2004 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, 2005 AND 2004**

**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:

|                                | 2005       | 2004       |
|--------------------------------|------------|------------|
| Demand deposits                | \$ 401,929 | \$ 485,205 |
| Cash on hand                   | 30         | 30         |
| Total deposits                 | 401,959    | 485,235    |
| STAR Ohio                      | 59,066     | 57,283     |
| Total deposits and investments | \$ 461,025 | \$ 542,518 |

**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, 2005 and 2004 is below. Also, see Note 5 relating to interfund transfers.

**2005 Budgeted vs. Actual Receipts**

| Fund Type        | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
|------------------|----------------------|--------------------|-----------|
| General          | \$ 175,663           | \$ 185,820         | \$ 10,157 |
| Special Revenue  | 233,992              | 274,954            | 40,962    |
| Capital Projects | 25,000               | 30,089             | 5,089     |
| Enterprise       | 111,690              | 113,293            | 1,603     |
| Fiduciary        | 243                  | 411                | 168       |
| Total            | \$ 546,588           | \$ 604,567         | \$ 57,979 |

**VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

NOTE 3: BUDGETARY ACTIVITY (Continued)

2005 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation<br/>Authority</u> | <u>Budgetary<br/>Expenditures</u> | <u>Variance</u>          |
|------------------|------------------------------------|-----------------------------------|--------------------------|
| General          | \$ 241,608                         | \$ 179,791                        | \$ 61,817                |
| Special Revenue  | 415,356                            | 249,097                           | 166,259                  |
| Capital Projects | 86,213                             | 76,024                            | 10,189                   |
| Enterprise       | 332,664                            | 180,946                           | 151,718                  |
| Fiduciary        | 352                                | 202                               | 150                      |
| <b>Total</b>     | <b><u>\$ 1,076,193</u></b>         | <b><u>\$ 686,060</u></b>          | <b><u>\$ 390,133</u></b> |

2004 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted<br/>Receipts</u> | <u>Actual<br/>Receipts</u> | <u>Variance</u>         |
|------------------|------------------------------|----------------------------|-------------------------|
| General          | \$ 171,280                   | \$ 191,998                 | \$ 20,718               |
| Special Revenue  | 259,893                      | 276,032                    | 16,139                  |
| Capital Projects | 27,000                       | 29,056                     | 2,056                   |
| Enterprise       | 1,007,033                    | 1,030,761                  | 23,728                  |
| Fiduciary        | 120                          | 166                        | 46                      |
| <b>Total</b>     | <b><u>\$ 1,465,326</u></b>   | <b><u>\$ 1,528,013</u></b> | <b><u>\$ 62,687</u></b> |

2004 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation<br/>Authority</u> | <u>Budgetary<br/>Expenditures</u> | <u>Variance</u>          |
|------------------|------------------------------------|-----------------------------------|--------------------------|
| General          | \$ 252,343                         | \$ 207,116                        | \$ 45,227                |
| Special Revenue  | 425,146                            | 256,008                           | 169,138                  |
| Capital Projects | 62,091                             | 2,932                             | 59,159                   |
| Enterprise       | 1,224,735                          | 1,027,487                         | 197,248                  |
| Fiduciary        | 162                                | 97                                | 65                       |
| <b>Total</b>     | <b><u>\$ 1,964,477</u></b>         | <b><u>\$ 1,493,640</u></b>        | <b><u>\$ 470,837</u></b> |



**VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

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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 \$48,142 and \$46,489 are not reflected in the combined financial statements for 2005 and 2004. 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, 2005 AND 2004**

**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:

|   | Outstanding<br>12/31/03 | Additions  | Reductions | Outstanding<br>12/31/04 |
|---|-------------------------|------------|------------|-------------------------|
| 5.39% Bonds issued<br>September 27, 2004    | \$ 0                    | \$ 920,000 | \$ 0       | \$ 920,000              |
|   | Outstanding<br>12/31/04 | Additions  | Reductions | Outstanding<br>12/31/05 |
| 5.39% Bonds is issued<br>September 27, 2004 | \$ 920,000              | \$ 0       | \$ 56,200  | \$ 863,800              |

In December 2004, the Village purchased land in the amount of \$920,000 through the sale of bonds in an effort to protect the Village's well fields.

Amortization of the above debt is scheduled as follows:

| Year ending<br>December 31: | Principal  | Interest   |
|-----------------------------|------------|------------|
| 2006                        | \$ 59,500  | \$ 45,766  |
| 2007                        | 62,700     | 42,524     |
| 2008                        | 66,300     | 39,106     |
| 2009                        | 68,600     | 35,500     |
| 2010                        | 73,700     | 31,698     |
| 2011-2015                   | 431,900    | 93,771     |
| 2016                        | 101,100    | 4,101      |
| Totals                      | \$ 863,800 | \$ 292,466 |

**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 2005 and 2004 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. The Village contributed an amount equal to 13.55% of PERS participant's gross salaries. The Village has paid all contributions required through December 31, 2005.

**VILLAGE OF BOLIVAR  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

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**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

July 26, 2006

Village Council  
Village of Bolivar  
Bolivar, OH 44612

Independent Auditor's Report on Internal Control Over Financial Reporting  
And on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with 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, 2005 and 2004, and have issued our report thereon dated July 26, 2006, wherein we noted the Village follows accounting practices the Auditor of State prescribes 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, which we have reported to management of the Village in a separate letter dated July 26, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain instances of noncompliance that we have reported to management of the Village in a separate letter dated July 26, 2006.

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.*



**Auditor of State  
Betty Montgomery**

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**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  
OCTOBER 10, 2006**