

**VILLAGE OF NAVARRE**

**STARK COUNTY, OHIO**

**REGULAR AUDIT**

**For the Years Ended December 31, 2020 and 2019**







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Village Council  
Village of Navarre  
27 West Canal Street  
Navarre, Ohio 44662

We have reviewed the *Independent Auditor's Report* of the Village of Navarre, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2019 through December 31, 2020. 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 Navarre is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

**June 30, 2021**

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**VILLAGE OF NAVARRE**  
**STARK COUNTY, OHIO**  
**Regular Audit**  
**For the Years Ended December 31, 2020 and 2019**

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**INDEPENDENT AUDITOR'S REPORT**

Village of Navarre  
Stark County  
27 W. Canal Street  
Navarre, Ohio 44662

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Navarre, Stark County, Ohio (the Village).

***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 such 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 opinions.

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

As described in Note 2 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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, 2020 and 2019, and the respective changes in financial position or its 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 cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Navarre, Stark County 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 2.

***Emphasis of Matters***

As discussed in Note 16 to the 2020 financial statements and Note 14 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinions regarding this matter.

As discussed in Note 15 to the 2020 financial statements, the Village made several changes to its reporting model. We did not modify our opinion regarding this matter.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2021, 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 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.

*Charles E. Harris & Associates, Inc.*

***Charles E. Harris & Associates, Inc.***  
April 29, 2021

**Village of Navarre**  
**Stark County**  
*Combined Statement of Receipts, Disbursements and Changes in*  
*Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2020*

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 79,757	\$ -	\$ -	\$ 79,757
Municipal Income Tax	1,110,964	-	14,000	1,124,964
Intergovernmental	54,641	357,273	772,393	1,184,307
Charges for Services	-	21,250	-	21,250
Fines, Licenses and Permits	3,300	1,055	-	4,355
Earnings on Investments	9,687	2,039	-	11,726
Miscellaneous	20,069	46,047	-	66,116
<i>Total Cash Receipts</i>	1,278,418	427,664	786,393	2,492,475
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	544,815	111,136	-	655,951
Public Health Services	1,235	37,108	-	38,343
Leisure Time Activities	18,257	-	-	18,257
Transportation	-	416,563	-	416,563
General Government	160,354	-	-	160,354
Capital Outlay	-	56,305	883,556	939,861
<i>Total Cash Disbursements</i>	724,661	621,112	883,556	2,229,329
<i>Excess of Receipts Over (Under) Disbursements</i>	553,757	(193,448)	(97,163)	263,146
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	105,282	-	-	105,282
Transfers In	-	225,000	225,000	450,000
Transfers Out	(450,000)	-	-	(450,000)
<i>Total Other Financing Receipts (Disbursements)</i>	(344,718)	225,000	225,000	105,282
<i>Net Change in Fund Cash Balances</i>	209,039	31,552	127,837	368,428
<i>Fund Cash Balances, January 1</i>	207,776	309,556	83,546	600,878
<i>Fund Cash Balances, December 31</i>	\$ 416,815	\$ 341,108	\$ 211,383	\$ 969,306

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

**Village of Navarre**  
**Stark County**  
*Combined Statement of Receipts, Disbursements and Changes in*  
*Fund Balances (Regulatory Cash Basis)*  
*All Proprietary Fund Types*  
*For the Year Ended December 31, 2020*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 965,267
Miscellaneous	16,615
	981,882
<i>Total Operating Cash Receipts</i>	<i>981,882</i>
<b>Operating Cash Disbursements</b>	
Personal Services	318,017
Employee Fringe Benefits	153,043
Contractual Services	247,896
Supplies and Materials	135,947
Other	3,180
	858,083
<i>Total Operating Cash Disbursements</i>	<i>858,083</i>
<i>Operating Income (Loss)</i>	<i>123,799</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Capital Outlay	(6,885)
Principal Retirement	(56,100)
Interest and Other Fiscal Charges	(45,788)
	(108,773)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(108,773)</i>
<i>Income (Loss) before Transfers</i>	<i>15,026</i>
Transfers In	65,364
Transfers Out	(65,364)
	15,026
<i>Net Change in Fund Cash Balances</i>	<i>15,026</i>
<i>Fund Cash Balances, January 1</i>	<i>1,555,724</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 1,570,750</i>

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

**Village of Navarre**  
**Stark County**  
*Statement of Additions, Deductions and Changes in*  
*Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2020*

	Fiduciary Fund Type
	Custodial
<b>Deductions</b>	
Distributions as Fiscal Agent	948
<i>Total Operating Cash Disbursements</i>	948
<i>Net Change in Fund Cash Balances</i>	(948)
<i>Fund Cash Balances, January 1</i>	61,805
<i>Fund Cash Balances, December 31</i>	\$ 60,857

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

**Village of Navarre**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of Navarre, Stark County, Ohio (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. A publicly-elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities, and emergency medical services. The Erie Valley Joint Fire District provides fire protection services to Village residents.

***Joint Venture***

The Village participates in the Perry-Navarre Joint Economic Development District (JEDD), a joint venture. Note 11 to the financial statements provides additional information for this entity.

***Jointly Governed Organizations***

The Village participates in the Stark Council of Governments and the Stark County Regional Planning Commission, jointly governed organizations. Note 12 to the financial statements provides additional information for these entities.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for the fiduciary fund type which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

***Street Maintenance Fund*** The street maintenance fund accounts for and reports the receipt of the State gasoline tax and motor vehicle license registration fees restricted for maintenance and repair of streets within the Village.

**Village of Navarre**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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

**Prospect Industrial Park Fund** The prospect industrial park fund accounts for and reports intergovernmental receipts restricted for the purpose of the Prospect Industrial Park project.

**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 significant Enterprise Funds:

**Sewer Fund** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Water Capital Improvement Fund** The water capital improvement fund accounts for and reports the receipt of loan proceeds for the completion of the water improvement project.

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

**Fiduciary Funds** Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village disburses these funds as directed by the individual, organization or other government. The Village's custodial fund is the JEDD fund, which receives grants that are used to facilitate economic development and to create and preserve jobs. For more information refer to Note 11.

***Basis of Accounting***

These financial statements follow 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). 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 disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

**Appropriations** Budgetary disbursements (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.

**Village of Navarre**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2020 budgetary activity appears in Note 3.

***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.

***Capital Assets***

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

***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.

***Fund Balance***

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

***Nonspendable*** The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

***Committed*** Council can commit amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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.

**Village of Navarre**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

*Assigned* Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

*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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ended December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,616,456	\$ 1,383,700	\$ (232,756)
Special Revenue	417,500	652,664	235,164
Capital Projects	250,000	1,011,393	761,393
Enterprise	1,126,000	1,047,246	(78,754)

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,974,017	\$ 1,174,661	\$ 799,356
Special Revenue	874,353	621,112	253,241
Capital Projects	1,080,804	883,556	197,248
Enterprise	2,292,476	1,032,220	1,260,256



**Village of Navarre**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit and investment accounts are as follows:

	2020
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$ 2,449,977
Certificates of deposit	150,936
Total deposits	2,600,913

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The disbursements included in the accompanying financial statements reflect gross payroll. At December 31, 2020, the Village is holding \$11,729 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Village, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Taxes**

***Property Taxes***

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

***Income Taxes***

The Village levies a municipal income tax of 1.75% 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.

**Village of Navarre**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 5 – Taxes (continued)**

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 – Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Boilers
- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions

Settled claims have not exceeded this insurance coverage in any of the past years. Coverage limits have not changed significantly since last year.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Most Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2020.

***Ohio Police and Fire Pension Fund***

The Village's full-time police officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officers' wages. The Village has paid all contributions required through December 31, 2020.

**Village of Navarre**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2020. OP&F contributed 0.5% to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Revenue Bonds	\$ 2,761,800	1.63%

In 2016, the Village authorized the issuance of \$2,981,000 of revenue bonds payable in 40 years for the purpose of paying part of the cost of certain water system improvements, with Series A in the principal amount of \$2,150,000 and Series B in the principal amount of \$831,000, both at 1.63%.

***Amortization***

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

Year ending December 31:	<u>Revenue Bonds</u>
2021	\$ 101,979
2022	101,951
2023	101,909
2024	101,952
2025	101,978
2026-2030	509,635
2031-2035	509,623
2036-2040	509,759
2041-2045	509,659
2046-2050	509,611
2051-2055	509,702
2056	101,930
Total	<u><u>\$3,669,688</u></u>

**Village of Navarre**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 10 – Contingent Liabilities**

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

**Note 11 – Joint Venture**

The Village participates in, and is the fiscal agent for, the Perry-Navarre Joint Economic Development District (JEDD), which is a statutorily created political subdivision of the State and which was established on November 6, 1996. The JEDD is a joint venture between the Village and Perry Township, created to facilitate economic development and to preserve jobs and employment opportunities. A five member Board of Directors has been established to govern the JEDD, including two representatives appointed by the Village. The JEDD is not accumulating significant financial resources or experiencing fiscal stress which would cause additional benefit to or burden on the Village. Complete financial statements can be obtained from the Village of Navarre Clerk/Treasurer, 27 Canal Street West, Navarre, Ohio 44662.

**Note 12 – Jointly Governed Organizations**

***Stark Council of Governments (Council)***

The Village participates in the Council which is statutorily created political subdivision of the State. The Council is jointly governed among Stark County municipalities and townships. Each member's control over the operation of the Council is limited to its representation on the Board which consists of 27 members. The Board exercises total control the operation of the Council including appropriating, contracting, and designating management.

***Stark County Regional Planning Commission (Commission)***

The Village participates in the Commission, which is a statutorily created subdivision of the State. The Commission is jointly governed among Stark County municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the Board, which consists of 48 members. The Board exercises total control over the operation of the Commission including appropriating, contracting, and designating management.

**Note 13 – Transfers**

During 2020, transfers were made from the General Fund to allocate income tax revenues to the SCM&R fund and Capital Project fund in accordance with the income tax allocation. A transfer was made from Water fund to the Water Capital Improvement fund, from Sewer Improvements fund to the Sewer fund to subsidize operations. All transfers were made in accordance with the Ohio Revised Code.

**Village of Navarre**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 14 – Fund Balances**

Fund balances may include money that the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the Village had none of the above fund balances nor encumbrances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund is either restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances would be considered assigned.

**Note 15 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- Fiduciary Fund Type, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. There was no effect on the beginning fund balances.

**Note 16 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 17 – Compliance**

Contrary to Ohio Revised Code Section 5705.39, appropriations exceeded estimated resources in various funds for the year ended December 31, 2020.

**Village of Navarre  
Stark County**  
*Combined Statement of Receipts, Disbursements and Changes in  
Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2019*

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 76,987	\$ -	\$ -	\$ 76,987
Municipal Income Tax	1,081,762	-	-	1,081,762
Intergovernmental	55,989	145,153	199,939	401,081
Charges for Services	-	23,650	-	23,650
Fines, Licenses and Permits	2,785	232	-	3,017
Earnings on Investments	34,438	1,505	-	35,943
Miscellaneous	55,989	13,414	-	69,403
<i>Total Cash Receipts</i>	1,307,950	183,954	199,939	1,691,843
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	573,067	7,824	-	580,891
Public Health Services	1,031	52,914	-	53,945
Leisure Time Activities	29,167	-	-	29,167
Transportation	-	289,054	-	289,054
General Government	165,955	-	-	165,955
Capital Outlay	-	20,000	788,160	808,160
<i>Total Cash Disbursements</i>	769,220	369,792	788,160	1,927,172
<i>Excess of Receipts Over (Under) Disbursements</i>	538,730	(185,838)	(588,221)	(235,329)
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	-	250,000	250,000	500,000
Transfers Out	(500,000)	-	-	(500,000)
<i>Total Other Financing Receipts (Disbursements)</i>	(500,000)	250,000	250,000	-
<i>Net Change in Fund Cash Balances</i>	38,730	64,162	(338,221)	(235,329)
<i>Fund Cash Balances, January 1</i>	169,046	245,394	421,767	836,207
<b>Fund Cash Balances, December 31</b>				
Restricted	-	309,556	-	309,556
Committed	-	-	83,546	83,546
Assigned	207,776	-	-	207,776
<i>Fund Cash Balances, December 31</i>	\$ 207,776	\$ 309,556	\$ 83,546	\$ 600,878

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

**Village of Navarre  
Stark County**

*Combined Statement of Receipts, Disbursements and Changes in  
Fund Balances (Regulatory Cash Basis)  
All Proprietary and Fiduciary Fund Types  
For the Year Ended December 31, 2019*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 1,274,844	\$ -	\$ 1,274,844
Miscellaneous	6,193	-	6,193
<i>Total Operating Cash Receipts</i>	1,281,037	-	1,281,037
<b>Operating Cash Disbursements</b>			
Personal Services	311,371	-	311,371
Employee Fringe Benefits	144,196	-	144,196
Contractual Services	448,413	-	448,413
Supplies and Materials	143,357	2,811	146,168
Other	3,930	-	3,930
<i>Total Operating Cash Disbursements</i>	1,051,267	2,811	1,054,078
<i>Operating Income (Loss)</i>	229,770	(2,811)	226,959
<b>Non-Operating Receipts (Disbursements)</b>			
Property and Other Local Taxes	-	114	114
Earnings on Investments	-	535	535
Sale of Capital Assets	313,055	-	313,055
Capital Outlay	(68,291)	-	(68,291)
Principal Retirement	(55,200)	-	(55,200)
Interest and Other Fiscal Charges	(46,585)	-	(46,585)
<i>Total Non-Operating Receipts (Disbursements)</i>	142,979	649	143,628
<i>Income (Loss) before Transfers</i>	372,749	(2,162)	370,587
Transfers In	70,614	-	70,614
Transfers Out	(70,614)	-	(70,614)
<i>Net Change in Fund Cash Balances</i>	372,749	(2,162)	370,587
<i>Fund Cash Balances, January 1</i>	1,182,975	63,967	1,246,942
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,555,724</u>	<u>\$ 61,805</u>	<u>\$ 1,617,529</u>

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

**Village of Navarre**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The Village of Navarre, Stark County, Ohio (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. A publicly-elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities, and emergency medical services. The Erie Valley Joint Fire District provides fire protection services to Village residents.

***Joint Venture***

The Village participates in the Perry-Navarre Joint Economic Development District (JEDD), a joint venture. Note 11 to the financial statements provides additional information for this entity.

***Jointly Governed Organizations***

The Village participates in the Stark Council of Governments and the Stark County Regional Planning Commission, jointly governed organizations. Note 12 to the financial statements provides additional information for these entities.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

***Street Maintenance Fund*** The street maintenance fund accounts for and reports the receipt of the State gasoline tax and motor vehicle license registration fees restricted for maintenance and repair of streets within the Village.



**Village of Navarre**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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

**Capital Projects Fund** The capital projects fund accounts for and reports the receipt of General Fund transfers to accumulate funds for future capital improvements and to purchase equipment for the Village's use.

**Prospect Indus Park Fund** The prospect indus park fund accounts for and reports intergovernmental receipts restricted for the purpose of the Prospect Indus Park project.

**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 significant Enterprise Funds:

**Sewer Fund** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Water Capital Improvement Fund** The water capital improvement fund accounts for and reports the receipt of loan proceeds for the completion of the water improvement project.

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

**Fiduciary Funds** Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund is the JEDD fund, which receives grants that are used to facilitate economic development and to create and preserve jobs. For more information refer to Note 11.

***Basis of Accounting***

These financial statements follow 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). 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 disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**Village of Navarre**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**Appropriations** Budgetary disbursements (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.

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

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2019 budgetary activity appears in Note 3.

***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.

***Capital Assets***

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

***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.

***Fund Balance***

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

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

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

**Village of Navarre**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 2 – Summary of Significant Accounting Policies (continued)**

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

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Council or a Village official delegated that authority by resolution, or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the general fund.

**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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ended December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,714,255	\$ 1,307,950	\$ (406,305)
Special Revenue	410,300	433,954	23,654
Capital Projects	450,000	449,939	(61)
Enterprise	1,724,114	1,664,706	(59,408)

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,959,142	\$ 1,269,220	\$ 689,922
Special Revenue	436,224	369,792	66,432
Capital Projects	795,926	788,160	7,766
Enterprise	2,667,742	1,291,957	1,375,785

**Village of Navarre**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 4 – 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 at December 31 was as follows:

	<u>2019</u>
Demand deposits	\$ 2,218,407

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Village, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Taxes**

***Property Taxes***

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

***Income Taxes***

The Village levies a municipal income tax of 1.5% 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 – Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Village of Navarre**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 6 – Risk Management (continued)**

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Boilers
- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions

Settled claims have not exceeded this insurance coverage in any of the past years. Coverage limits have not changed significantly since last year.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Most Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2019.

***Ohio Police and Fire Pension Fund***

The Village's full-time police officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officers' wages. The Village has paid all contributions required through December 31, 2019.

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2019. OP&F contributed 0.5% to fund these benefits.

**Village of Navarre**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 8 - Postemployment Benefits (continued)**

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**Note 9 – Debt**

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Revenue Bonds	\$ 2,817,900	1.63%

In 2016, the Village authorized the issuance of \$2,981,000 of revenue bonds payable in 40 years for the purpose of paying part of the cost of certain water system improvements, with Series A in the principal amount of \$2,150,000 and Series B in the principal amount of \$831,000, both at 1.63%.

***Amortization***

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

Year ending December 31:	<u>Revenue Bonds</u>
2020	\$ 101,891
2021	101,979
2022	101,951
2023	101,909
2024	101,952
2025-2029	509,641
2030-2034	509,658
2035-2039	509,761
2040-2044	509,663
2045-2049	509,662
2050-2054	509,645
2055-2059	203,864
Total	<u>\$ 3,771,576</u>

**Note 10 – Contingent Liabilities**

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

**Village of Navarre**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 11 – Joint Venture**

The Village participates in, and is the fiscal agent for, the Perry-Navarre Joint Economic Development District (JEDD), which is a statutorily created political subdivision of the State and which was established on November 6, 1996. The JEDD is a joint venture between the Village and Perry Township, created to facilitate economic development and to preserve jobs and employment opportunities. A five member Board of Directors has been established to govern the JEDD, including two representatives appointed by the Village. The JEDD is not accumulating significant financial resources or experiencing fiscal stress which would cause additional benefit to or burden on the Village. Complete financial statements can be obtained from the Village of Navarre Clerk/Treasurer, 27 Canal Street West, Navarre, Ohio 44662.

**Note 12 – Jointly Governed Organizations**

***Stark Council of Governments (Council)***

The Village participates in the Council which is statutorily created political subdivision of the State. The Council is jointly governed among Stark County municipalities and townships. Each member's control over the operation of the Council is limited to its representation on the Board which consists of 27 members. The Board exercises total control the operation of the Council including appropriating, contracting, and designating management.

***Stark County Regional Planning Commission (Commission)***

The Village participates in the Commission, which is a statutorily created subdivision of the State. The Commission is jointly governed among Stark County municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the Board, which consists of 48 members. The Board exercises total control over the operation of the Commission including appropriating, contracting, and designating management.

**Note 13 – Transfers**

During 2019, transfers were made from the General Fund for income tax revenues to the SCM&R fund and Capital Project fund in accordance with the income tax allocation. A transfer was made from Water fund to the Water Capital Improvement fund, from Sewer Improvements fund to the Sewer fund to subsidize operations. All transfers were made in accordance with the Ohio Revised Code.

**Note 14 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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

Village of Navarre  
Stark County  
27 W. Canal Street  
Navarre, Ohio 44662

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 cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Navarre, Stark County, Ohio (the Village) and have issued our report thereon dated April 29, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village and several changes to its reporting model.

***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.

*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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2020-002 to be a material weakness.



### ***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2020-001.

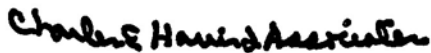
We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 29, 2021.

### ***Village's Responses to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



***Charles E. Harris and Associates, Inc.***

April 29, 2021

**VILLAGE OF NAVARRE  
STARK COUNTY  
Schedule of Findings  
December 31, 2020 and 2019**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

**Finding Number 2020-001 – Non-compliance**

**Appropriations Exceeded Estimated Resources**

Ohio Rev. Code § 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimates resources. We noted the following funds had appropriations exceeding estimated resources for each year.

	Total Estimated Resources	Total Appropriations	Appropriations Over Estimated Resources
<u>2020</u>			
General Fund	\$ 716,457	\$ 720,309	\$ (3,852)
Village Income Tax	1,100,000	1,253,708	(153,708)
Street Maintenance	350,000	457,987	(107,987)
State Highway	9,000	11,476	(2,476)
NED	-	597	(597)
Cemetery	50,000	52,954	(2,954)
Prospect Park Development	400,000	809,100	(409,100)
Capital Project	260,000	271,704	(11,704)
Water System Reserve	39,000	43,350	(4,350)

We recommend that the Village monitor its budget and estimated resources and modify accordingly to prevent appropriations from exceeding available estimated resources.

**Management’s Response:** See Corrective Action Plan.

**VILLAGE OF NAVARRE  
STARK COUNTY  
Schedule of Findings  
December 31, 2020 and 2019**

<b>Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS - continued</b>
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**Finding Number 2020-002 – Material Weakness**

**Audit Adjustments and Reclassifications:**

The Fiscal Officer erroneously recorded several transactions during 2020 and 2019. The more significant adjustments are as follow:

- In 2020, the Village recorded \$105,282 as miscellaneous revenue in the General Fund and it should have been recorded as sale of capital assets.
- In 2020, the Village recorded \$97,486 as other debt proceeds in the Enterprise Fund when it should have been charges for services.
- In 2019, the Village recorded \$313,055 as miscellaneous in the Enterprise Fund and it should have been recorded as sale of capital assets.
- In 2019, the Village recorded \$404,834 as other debt proceeds in the Enterprise Fund and it should have been recorded as charges for service.
- In 2019, this Village recorded \$199,939 as charges for service in the Capital Projects Fund and it should have been recorded as intergovernmental.

The accompanying financial statements have been adjusted.

Failure to report transactions correctly results in the financial statements not being accurately presented. We recommend that the Fiscal Officer refer to the Ohio Village Handbook and other Auditor of State guidance to properly classify its transactions. In addition, we recommend the Fiscal Officer review all financial reports compiled by their system to ensure their accuracy, including the budgetary information.

**Management’s Response:** See Corrective Action Plan.

**VILLAGE OF NAVARRE  
STARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS – Prepared by Management  
December 31, 2020 and 2019**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Material Weakness-Recording Transactions	Not Corrected	See Corrective Action Plan
2018-002	Federal Noncompliance	Finding No Longer Valid	No Federal Testing Needed
2018-003	Material Weakness-Accuracy of SEFA	Finding No Longer Valid	No Federal Testing Needed

**VILLAGE OF NAVARRE  
STARK COUNTY**

**CORRECTIVE ACTION PLAN – Prepared by Management  
For the Years Ended December 31, 2020 and 2019**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2020-001	Management plans to watch over the budget more carefully so total estimated resources aren't less than total appropriations.	Immediately	Anne Johnson, Clerk/Treasurer
2020-002	Management plans to check over how they recorded transactions along with their financial statement preparation.	Immediately	Anne Johnson, Clerk/Treasurer

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF NAVARRE**

**STARK COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 7/13/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)