

VILLAGE OF NAVARRE

STARK COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021





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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, 2021 through December 31, 2022. 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 11, 2025

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**VILLAGE OF NAVARRE
STARK COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Village of Navarre
Stark County
27 West Canal Street
Navarre, Ohio 44662

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Navarre, Stark County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental, proprietary and fiduciary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental, proprietary and fiduciary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position or cash flows, thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

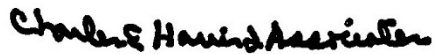
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025, 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 solely 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 effectiveness of the Village's 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.

March 28, 2025

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, 2022

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$ 126,651	\$ -	\$ -	\$ 126,651
Municipal Income Tax	1,452,851	-	-	1,452,851
Intergovernmental	62,555	358,318	282,431	703,304
Charges for Services	-	19,600	-	19,600
Fines, Licenses and Permits	1,951	24,280	-	26,231
Earnings on Investments	17,402	-	-	17,402
Miscellaneous	27,880	35,369	-	63,249
<i>Total Cash Receipts</i>	1,689,290	437,567	282,431	2,409,288
Cash Disbursements				
Current:				
Security of Persons and Property	653,873	-	-	653,873
Public Health Services	1,235	47,250	-	48,485
Leisure Time Activities	25,556	-	-	25,556
Transportation	-	367,615	-	367,615
General Government	219,501	64,543	-	284,044
Capital Outlay	-	9,975	508,195	518,170
<i>Total Cash Disbursements</i>	900,165	489,383	508,195	1,897,743
<i>Excess of Receipts Over (Under) Disbursements</i>	789,125	(51,816)	(225,764)	511,545
Other Financing Receipts (Disbursements)				
Transfers In	-	270,500	270,500	541,000
Transfers Out	(541,000)	-	-	(541,000)
<i>Total Other Financing Receipts (Disbursements)</i>	(541,000)	270,500	270,500	-
<i>Net Change in Fund Cash Balances</i>	248,125	218,684	44,736	511,545
<i>Fund Cash Balances, January 1</i>	350,548	501,015	484,891	1,336,454
<i>Fund Cash Balances, December 31</i>	<u>\$ 598,673</u>	<u>\$ 719,699</u>	<u>\$ 529,627</u>	<u>\$ 1,847,999</u>

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

Village of Navarre
Stark County
Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 1,021,078
Miscellaneous	<u>19,329</u>
<i>Total Operating Cash Receipts</i>	1,040,407
Operating Cash Disbursements	
Personal Services	349,167
Employee Fringe Benefits	157,878
Contractual Services	195,154
Supplies and Materials	160,378
Other	<u>3,441</u>
<i>Total Operating Cash Disbursements</i>	<u>866,018</u>
<i>Operating Income (Loss)</i>	174,389
Non-Operating Receipts (Disbursements)	
Principal Retirement	(58,000)
Interest and Other Fiscal Charges	<u>(43,949)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(101,949)</u>
<i>Income (Loss) before Transfers</i>	72,440
Transfers In	49,023
Transfers Out	<u>(49,023)</u>
<i>Net Change in Fund Cash Balances</i>	72,440
<i>Fund Cash Balances, January 1</i>	<u>1,669,081</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 1,741,521</u></u>

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

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, 2022

	<u>Custodial</u>
Deductions	
Distributions as Fiscal Agent	<u>375</u>
<i>Total Operating Cash Disbursements</i>	<u>375</u>
<i>Net Change in Fund Cash Balances</i>	(375)
<i>Fund Cash Balances, January 1</i>	<u>58,487</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 58,112</u></u>

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

Village of Navarre
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type, 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 or committed 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, 2022

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:

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.

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.

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:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

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 (C). 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 (C) permit.

Village of Navarre
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Budgetary Process

The Ohio Revised Code requires that each fund 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.

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 2022 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.

Village of Navarre
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual Receipts	Variance
	Receipts		
General	\$ 1,850,500	\$ 1,689,290	\$(161,210)
Special Revenue	724,800	708,067	(16,733)
Capital Projects	350,000	552,931	202,931
Enterprise	1,081,864	1,089,430	7,566

Village of Navarre
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity (continued)

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,276,890	\$ 1,441,165	\$ 835,725
Special Revenue	1,074,129	489,383	584,746
Capital Projects	759,049	508,195	250,854
Enterprise	2,750,944	1,016,990	1,733,954

Contrary to the Ohio Revised Code Section 5705.39, the Village had several funds that had appropriations over estimated resources. Contrary to the Ohio Revised Code Section 5705.41(B), the Village had a fund that had expenditures over appropriations. Contrary to Ohio Revised Code Sections 5705.14, none of the transfers made were approved by Council.

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:

	2022
Demand deposits	\$3,495,750
Certificates of deposit	151,882
Total deposits	<u>3,647,632</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village does not have any unremitted 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.

Village of Navarre
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

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

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.

Village of Navarre
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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, 2022.

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, 2022.

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 4% during calendar year 2022. OP&F contributed 0.5% to fund these benefits.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Revenue Bonds	\$2,646,700	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%.

Village of Navarre
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (continued)

Amortization

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

<u>Year Ending December 31:</u>	<u>Revenue Bonds</u>
2023	\$ 101,909
2024	101,952
2025	101,978
2026	101,889
2027	101,885
2028-2032	509,770
2033-2037	509,678
2038-2042	509,562
2043-2047	509,728
2048-2052	509,665
2053-2057	407,738
	<u>\$ 3,465,754</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.

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.

Village of Navarre
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 2022, transfers were made from the General Fund to allocate income tax revenues to the Street Maintenance Fund and Capital Project Fund in accordance with the income tax allocation. A transfer was also made from Water Fund to the Water Capital Improvement and Water System Reserve Funds to subsidize operations. All transfers were made in accordance with the Ohio Revised Code, although they were not approved by Council.

Note 14 – Fund Balances

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.

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds is 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 – 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. Ohio's state of emergency ended in June 2021, while the national state of emergency April 2023. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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, 2021

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$ 79,583	\$ -	\$ -	\$ 79,583
Municipal Income Tax	1,212,055	-	-	1,212,055
Intergovernmental	54,649	334,958	2,200,000	2,589,607
Charges for Services	-	20,550	-	20,550
Fines, Licenses and Permits	1,448	23,627	-	25,075
Earnings on Investments	1,002	-	-	1,002
Miscellaneous	12,416	35,812	82,500	130,728
<i>Total Cash Receipts</i>	1,361,153	414,947	2,282,500	4,058,600
Cash Disbursements				
Current:				
Security of Persons and Property	635,582	8,046	-	643,628
Public Health Services	1,235	40,460	-	41,695
Leisure Time Activities	21,289	-	-	21,289
Transportation	-	405,255	-	405,255
General Government	169,314	-	-	169,314
Capital Outlay	-	101,279	2,308,992	2,410,271
<i>Total Cash Disbursements</i>	827,420	555,040	2,308,992	3,691,452
<i>Excess of Receipts Over (Under) Disbursements</i>	533,733	(140,093)	(26,492)	367,148
Other Financing Receipts (Disbursements)				
Transfers In	-	300,000	300,000	600,000
Transfers Out	(600,000)	-	-	(600,000)
<i>Total Other Financing Receipts (Disbursements)</i>	(600,000)	300,000	300,000	-
<i>Net Change in Fund Cash Balances</i>	(66,267)	159,907	273,508	367,148
<i>Fund Cash Balances, January 1</i>	416,815	341,108	211,383	969,306
<i>Fund Cash Balances, December 31</i>	<u>\$ 350,548</u>	<u>\$ 501,015</u>	<u>\$ 484,891</u>	<u>\$ 1,336,454</u>

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

Village of Navarre
Stark County
Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 1,032,485
Miscellaneous	<u>1,563</u>
<i>Total Operating Cash Receipts</i>	1,034,048
Operating Cash Disbursements	
Personal Services	333,544
Employee Fringe Benefits	173,325
Contractual Services	175,337
Supplies and Materials	125,926
Other	<u>3,020</u>
<i>Total Operating Cash Disbursements</i>	<u>811,152</u>
<i>Operating Income (Loss)</i>	222,896
Non-Operating Receipts (Disbursements)	
Capital Outlay	(22,588)
Principal Retirement	(57,100)
Interest and Other Fiscal Charges	<u>(44,877)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(124,565)</u>
<i>Income (Loss) before Transfers</i>	98,331
Transfers In	65,364
Transfers Out	<u>(65,364)</u>
<i>Net Change in Fund Cash Balances</i>	98,331
<i>Fund Cash Balances, January 1</i>	<u>1,570,750</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 1,669,081</u></u>

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

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, 2021

	Fiduciary Fund Type
	<u>Custodial</u>
Deductions	
Distributions as Fiscal Agent	<u>2,370</u>
<i>Total Operating Cash Disbursements</i>	<u>2,370</u>
<i>Net Change in Fund Cash Balances</i>	(2,370)
<i>Fund Cash Balances, January 1</i>	<u>60,857</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 58,487</u></u>

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

Village of Navarre
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type, 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 or committed 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, 2021

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:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

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 (C). 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 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund 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.

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.

Village of Navarre
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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 2021 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.

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.

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.

Village of Navarre
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,613,594	\$ 1,361,153	\$ (252,441)
Special Revenue	447,700	714,947	267,247
Capital Projects	250,000	2,582,500	2,332,500
Enterprise	995,200	1,099,412	104,212

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,256,157	\$ 1,427,420	\$ 828,737
Special Revenue	749,921	555,040	194,881
Capital Projects	435,541	2,308,992	(1,873,451)
Enterprise	2,591,613	1,001,081	1,590,532

Contrary to the Ohio Revised Code Section 5705.39, the Village had several funds that had appropriations over estimated resources. Contrary to the Ohio Revised Code Section 5705.41(B), the Village had a fund that had expenditures over appropriations. Contrary to Ohio Revised Code Sections 5705.14, none of the transfers made were approved by Council.

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:

Village of Navarre
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments (continued)

	<u>2021</u>
Demand deposits	\$2,913,086
Certificates of deposit	<u>150,936</u>
Total deposits	<u><u>3,064,022</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village does not have any unremitted 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.

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.

Village of Navarre
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Risk Management

Workers' Compensation

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, 2021.

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, 2021.

Village of Navarre
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 4% during calendar year 2021. OP&F contributed 0.5% to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Revenue Bonds	\$ 2,704,700	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:

<u>Year Ending</u> <u>December 31:</u>	<u>Revenue Bonds</u>
2022	\$ 101,951
2023	101,909
2024	101,952
2025	101,978
2026	101,889
2027-2031	509,645
2032-2036	509,697
2037-2041	509,659
2042-2046	509,748
2047-2051	509,646
2052-2056	509,635
	<u>\$ 3,567,709</u>

Village of Navarre
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 2021, transfers were made from the General Fund to allocate income tax revenues to the Street Maintenance Fund and Capital Project Fund in accordance with the income tax allocation. A transfer was also made from Water Fund to the Water Capital Improvement and Water System Reserve Funds to subsidize operations. All transfers were not made in accordance with the Ohio Revised Code, although they were not approved by Village Council.

Village of Navarre
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 14 – Fund Balances

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.

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds is 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 – 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. Ohio's state of emergency ended in June 2021, while the national state of emergency ended in April 2023. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional 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 West Canal Street
Navarre, Ohio 44662

To the Village Council:

We have audited, 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, the financial statements of the cash balances, receipts, and disbursements for each governmental, proprietary and fiduciary fund type of the Village of Navarre, Stark County, (the Village) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, and have issued our report thereon dated March 28, 2025, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 to be a material weakness. We consider finding 2022-001 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from 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 financial statements. 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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2022-002 through 004.

We also noted certain other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated March 28, 2025.

Village's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying Corrective Action Plan. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
March 28, 2025

**VILLAGE OF NAVARRE
STARK COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

Finding Number 2022-001 - Material Weakness

Bank Reconciliations

Sound accounting practices require that when designing the public office's system of internal control and specific control activities, management should ensure adequate security and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records. The reconciliation of cash (bank) balances to accounting system records (books) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft, and fraud to occur without timely detection. The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis. The Council is responsible for reviewing the reconciliation and related support.

Throughout 2021 and 2022, the Village did not resolve many differences between the adjusted bank balance and the balance reflected within the Village's accounting records. A consultant was contracted to perform the bank reconciliations for both years and identified many adjustments that were required to be posted to the accounting system ranging from \$1 to \$247,674.

Failure to reconcile book balances monthly increases the possibility the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations, including support for adjustments, increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should ensure all transactions are recorded and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be timely investigated, documented and corrected. In addition, Council should review the monthly cash reconciliations including the related support (such as reconciling items).

Management's Response:

See Corrective Action Plan

**VILLAGE OF NAVARRE
STARK COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

Finding Number 2022-002 – Noncompliance

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. The Village had the following funds' appropriations exceeding estimated resources:

- In 2021, the General Fund \$225,748
- In 2021, the Street Maintenance & Repair Fund \$134,642.
- In 2021, the Capital Projects Fund \$175,541.
- In 2021, the Water Fund \$20,273.
- In 2021, the Sewer Fund \$87,249.
- In 2021, the Utility Deposit Fund \$3,103.
- In 2021, the Water Capital Improvement Fund \$23,219.
- In 2022, the General Fund \$75,842.

We recommend that the Village monitor its budgetary information regularly to prevent appropriations from exceeding available estimated resources.

Management's Response:

See Corrective Action Plan.

Finding Number 2022-003 –Noncompliance

Budgetary Expenditures Exceeding Appropriations

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Capital Improvement Fund had expenditures in excess of appropriations of \$2,200,000 and \$34,757 in 2021 and 2022, respectively.

Village Council should frequently review expenditures and appropriations. In addition, the necessary appropriation amendments should be made, if possible, to reduce the possibility of expenditures exceeding appropriations. The Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Management's Response:

See Corrective Action Plan.

**VILLAGE OF NAVARRE
STARK COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number 2022-004 – Noncompliance

Transfers

Ohio Rev. Code Sections 5705.14, 5705.15, and 5705.16 states that no transfer can be made from one fund of a subdivision to any other fund, except money may be transferred from the general fund to any fund of the subdivision by resolution of the taxing authority or from one fund to another as is specifically authorized in Ohio Rev. Code Section 5705.14. Section 5705.14, Revised Code, requires the Village to have approval from the Council authorizing transfers of money between funds of the Village.

In 2021 and 2022, none of the transfers made were approved by Council.

The Village should seek approval of transfers from the Council. This will ensure that fund balances are spent for appropriate purposes and are in compliance with the Ohio Revised Code.

Management's Response:

See Corrective Action Plan.

**VILLAGE OF NAVARRE
STARK COUNTY**

**SUMMARY SCHEDULE OF PRIOR FINDINGS –
PREPARED BY MANGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Non-Compliance – Appropriations Exceeding Estimate Resources	Not Corrected	N/A
2020-002	Material Weakness – Audit Adjustments and Reclassifications	Partially Corrected	N/A

**VILLAGE OF NAVARRE
STARK COUNTY**

**CORRECTIVE ACTION PLAN - PREPARED BY MANAGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	The current Fiscal Officer will work with Village Council to ensure bank statements and reconciliations are done in a timely manner.	Immediately	Siobhan Berresford – Fiscal Officer
2022-002	The current Fiscal Officer will work with Village Council to review the budget to ensure it complies with Ohio Revised Codes.	Immediately	Siobhan Berresford – Fiscal Officer
2022-003	The current Fiscal Officer will work with Village Council to ensure that expenditures recorded are within the budgeted appropriations.	Immediately	Siobhan Berresford – Fiscal Officer
2022-004	The current Fiscal Officer will work with Village Council to ensure all transfers are passed via Ordinance.	Immediately	Siobhan Berresford – Fiscal Officer

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 6/24/2025

65 East State 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