

***VILLAGE OF NAVARRE***

**STARK COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2007 and 2006**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Village of Navarre, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 4, 2008

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Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
***Certified Public Accountants***

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**REPORT OF INDEPENDENT ACCOUNTANTS**

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Navarre, Stark County, Ohio, (the Village), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Navarre, Stark County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund, the Street Maintenance Fund, the NEDD Fund, and the Income Tax Fund thereof for the years then ended in conformity with accounting basis Note 2 describes.

The management's discussion and analysis on pages 3 to 11 is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2008 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

June 5, 2008



Village of Navarre, Stark County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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This discussion and analysis of the Village of Navarre's financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

### **Highlights**

Key highlights for 2007 and 2006 are as follows:

Net assets of governmental activities increased \$62,012, or 8 percent in 2007 and decreased \$24,945 or 3 percent in 2006.

The Village's general receipts are primarily property and income taxes. These receipts represent 71 percent for 2007 and 70 percent for 2006 of the total cash received for governmental activities. Property and income tax receipts for 2007 increased \$79,321 compared to 2006.

The Business-Type activities show an increase of \$128,200 or 11 percent in 2007, and an increase of \$101,107 or 9 percent in 2006 from the previous year due to a utility rate increase that was approved by Council.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

#### **Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

#### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activities. The major business-type activities are for the provision of water and sewer. Business-type activities are financed by a fee charged to the customers receiving the service.

**Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

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Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, Street Maintenance Fund, NEDD Fund and Income Tax Fund.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has two major enterprise funds, the water fund and the sewer fund.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

**The Village as a Whole**

Tables 1 and 2 provides a summary of the Village's net assets for 2007 compared to 2006 and 2006 compared to 2005 on the cash basis.

(Table 1)  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Assets</b>						
Cash and Cash Equivalents	\$ 826,815	\$ 764,803	\$ 1,337,946	\$ 1,209,746	\$ 2,164,761	\$ 1,974,549
Total Assets	\$ 826,815	\$ 764,803	\$ 1,337,946	\$ 1,209,746	\$ 2,164,761	\$ 1,974,549
<b>Net Assets</b>						
Restricted for:						
Capital Projects	\$ 224,784	\$ 188,053	-	-	\$ 224,784	\$ 188,053
Permanent Fund - Cemetery Endowment:						
Nonexpendable	116,540	115,941	-	-	116,540	115,941
Expendable	11,335	-	-	-	11,335	-
Other Purposes	411,129	348,951	-	-	411,129	348,951
Unrestricted	63,027	111,858	\$ 1,337,946	\$ 1,209,746	1,400,973	1,321,604
Total Net Assets	\$ 826,815	\$ 764,803	\$ 1,337,946	\$ 1,209,746	\$ 2,164,761	\$ 1,974,549

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(Table 2)  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Assets</b>						
Cash and Cash Equivalents	\$ 764,803	\$ 789,748	\$ 1,209,746	\$ 1,108,639	\$ 1,974,549	\$ 1,898,387
Total Assets	<u>\$ 764,803</u>	<u>\$ 789,748</u>	<u>\$ 1,209,746</u>	<u>\$ 1,108,639</u>	<u>\$ 1,974,549</u>	<u>\$ 1,898,387</u>
<b>Net Assets</b>						
Restricted for:						
Capital Projects	\$ 188,053	\$ 253,709	-	-	\$ 188,053	\$ 253,709
Permanent Fund - Cemetery Endowment:						
Nonexpendable	115,941	114,740	-	-	115,941	114,740
Other Purposes	348,951	286,646	-	-	348,951	286,646
Unrestricted	<u>111,858</u>	<u>134,653</u>	<u>\$ 1,209,746</u>	<u>\$ 1,108,639</u>	<u>1,321,604</u>	<u>1,243,292</u>
Total Net Assets	<u>\$ 764,803</u>	<u>\$ 789,748</u>	<u>\$ 1,209,746</u>	<u>\$ 1,108,639</u>	<u>\$ 1,974,549</u>	<u>\$ 1,898,387</u>

As mentioned previously, net assets of governmental activities increased \$62,012 or 8 percent during 2007, and decreased \$24,945 or 3 percent in 2006. The primary reasons contributing to the decreases in cash balances are the unanticipated slow growth in local tax receipts and increases in salaries.

Net assets of Business-Type activities increased \$128,200 or 11 percent in 2007 and \$101,107 or 9 percent in 2006, mainly due to an increase in charges for services.

Table 3 and 4 reflect the changes in net assets in 2007 and 2006 respectively.

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**Table 3**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Receipts:</b>						
<b>Program Receipts:</b>						
Charges for Services and Sales	\$ 49,923	\$ 49,299	\$ 922,421	\$ 928,791	\$ 972,344	\$ 978,090
Operating Grants and Contributions	80,616	77,082	-	-	80,616	77,082
Capital Grants and Contributions	32,096	84,501	-	-	32,096	84,501
<b>General Receipts:</b>						
Property Taxes	75,863	78,548	-	-	75,863	78,548
Municipal Income Taxes	833,946	751,940	-	-	833,946	751,940
Grants and Entitlements	145,698	88,345	-	-	145,698	88,345
Interest	65,531	47,202	-	-	65,531	47,202
Miscellaneous	6,575	9,375	4,661	7,263	11,236	16,638
<b>Total Receipts</b>	<b>1,290,248</b>	<b>1,186,292</b>	<b>927,082</b>	<b>936,054</b>	<b>2,217,330</b>	<b>2,122,346</b>
<b>Disbursements:</b>						
<b>Current:</b>						
General Government	163,514	196,522	-	-	163,514	196,522
Security of Persons and Property	438,431	430,400	-	-	438,431	430,400
Public Health Services	7,253	6,704	-	-	7,253	6,704
Leisure Time Activities	18,621	17,035	-	-	18,621	17,035
Community Environment	4,069	4,136	-	-	4,069	4,136
Basic Utility Services	3,929	-	-	-	3,929	-
Transportation	223,278	216,779	-	-	223,278	216,779
Capital Outlay	329,141	299,661	-	-	329,141	299,661
<b>Debt Service:</b>						
Principal Retirement	40,000	40,000	-	-	40,000	40,000
Water	-	-	301,175	326,882	301,175	326,882
Sewer	-	-	382,249	397,861	382,249	397,861
Other Enterprise Funds	-	-	115,458	110,204	115,458	110,204
<b>Total Disbursements</b>	<b>1,228,236</b>	<b>1,211,237</b>	<b>798,882</b>	<b>834,947</b>	<b>2,027,118</b>	<b>2,046,184</b>
<b>Changes in Net Assets</b>	<b>\$ 62,012</b>	<b>\$ (24,945)</b>	<b>\$ 128,200</b>	<b>\$ 101,107</b>	<b>\$ 190,212</b>	<b>\$ 76,162</b>

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**Table 4**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Receipts:</b>						
<b>Program Receipts:</b>						
Charges for Services and Sales	\$ 49,299	\$ 53,970	\$ 928,791	\$ 952,276	\$ 978,090	\$ 1,006,246
Operating Grants and Contributions	77,082	83,277	-	-	77,082	83,277
Capital Grants and Contributions	84,501	-	-	-	84,501	-
<b>General Receipts:</b>						
Property Taxes	78,548	78,282	-	-	78,548	78,282
Municipal Income Taxes	751,940	701,987	-	-	751,940	701,987
Grants and Entitlements	88,345	191,437	-	-	88,345	191,437
Interest	47,202	40,050	-	-	47,202	40,050
Miscellaneous	9,375	19,149	7,263	22,603	16,638	41,752
<b>Total Receipts</b>	<b>1,186,292</b>	<b>1,168,152</b>	<b>936,054</b>	<b>974,879</b>	<b>2,122,346</b>	<b>2,143,031</b>
<b>Disbursements:</b>						
<b>Current:</b>						
General Government	196,522	206,362	-	-	196,522	206,362
Security of Persons and Property	430,400	400,557	-	-	430,400	400,557
Public Health Services	6,704	-	-	-	6,704	-
Leisure Time Activities	17,035	16,603	-	-	17,035	16,603
Community Environment	4,136	4,099	-	-	4,136	4,099
Transportation	216,779	206,963	-	-	216,779	206,963
Capital Outlay	299,661	334,762	-	-	299,661	334,762
<b>Debt Service:</b>						
Principal Retirement	40,000	-	-	-	40,000	-
Water	-	-	326,882	298,021	326,882	298,021
Sewer	-	-	397,861	429,463	397,861	429,463
Other Enterprise Funds	-	-	110,204	110,992	110,204	110,992
<b>Total Disbursements</b>	<b>1,211,237</b>	<b>1,169,346</b>	<b>834,947</b>	<b>838,476</b>	<b>2,046,184</b>	<b>2,007,822</b>
<b>Changes in Net Assets</b>	<b>\$ (24,945)</b>	<b>\$ (1,194)</b>	<b>\$ 101,107</b>	<b>\$ 136,403</b>	<b>\$ 76,162</b>	<b>\$ 135,209</b>

Program receipts represent 13 percent in 2007 and 18 percent in 2006 of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees, and charges for services.

General receipts represent 87 percent in 2007 and 82 percent in 2006 of the Village's total receipts, and of this amount, over 81 percent in 2007 and 85 percent in 2006 are local taxes. State and federal grants and entitlements make up the balance of the Village's general receipts, 18.5 percent in 2007 and 14.9 percent in 2006. Other receipts are insignificant and somewhat unpredictable revenue sources.

In the Business-Type activities, program receipts account for 98 percent and 99 percent of the total business-type receipts in 2007 and 2006 and are also primarily comprised of charges for services (i.e. water and sewer charges).

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Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the auditor, treasurer, and income tax departments, as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of police and fire protection; Public Health Services is the health department; Leisure Time Activities are the costs of maintaining the parks and playing fields; the economic development department promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

The disbursements of the Water fund are for the purposes of maintaining water lines; treatment of the water; and paying for wages of the department. The disbursements of the Sewer fund are for the purposes of maintaining sewer lines and paying for wages of the department. The disbursements of the other funds within the Business-Type activities are similar in nature to the Water and Sewer funds.

**Governmental Activities**

If you look at the Statement of Activities on page 13 and 24, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for security of persons and property and capital outlay, which account for 35.7 and 30.1 percent of all governmental disbursements in 2007 and 35.5 and 28.0 percent of all governmental disbursements in 2006. Transportation also represents a significant cost, about 18.2 and 17.9 percent in 2007 and 2006, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 5.

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(Table 5)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services
	2007	2007	2007	2007
General Government	\$ 163,514	\$ (114,105)	-	-
Security of Persons and Property	438,431	(437,917)	-	-
Public Health Services	7,253	(7,253)	-	-
Leisure Time Activities	18,621	(18,621)	-	-
Community Environment	4,069	(4,069)	-	-
Basic Utility Services	3,929	(3,929)	-	-
Transportation	223,278	(142,662)	-	-
Capital Outlay	329,141	(297,045)	-	-
Debt Service:				
Principal Retirement	40,000	(40,000)	-	-
Water	-	-	\$ 301,175	\$ 78,813
Sewer	-	-	382,249	123,587
Other Enterprise Funds	-	-	115,458	(78,861)
<b>Total Expenses</b>	<b>\$ 1,228,236</b>	<b>\$ (1,065,601)</b>	<b>\$ 798,882</b>	<b>\$ 123,539</b>

  

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services
	2006	2006	2006	2006
General Government	\$ 196,522	\$ (148,191)	-	-
Security of Persons and Property	430,400	(429,432)	-	-
Public Health Services	6,704	(6,704)	-	-
Leisure Time Activities	17,035	(17,035)	-	-
Community Environment	4,136	(4,136)	-	-
Transportation	216,779	(139,697)	-	-
Capital Outlay	299,661	(215,160)	-	-
Debt Service:				
Principal Retirement	40,000	(40,000)	-	-
Water	-	-	\$ 326,882	\$ 73,753
Sewer	-	-	397,861	70,812
Other Enterprise Funds	-	-	110,204	(50,721)
<b>Total Expenses</b>	<b>\$ 1,211,237</b>	<b>\$ (1,000,355)</b>	<b>\$ 834,947</b>	<b>\$ 93,844</b>

The dependence upon property and income tax receipts is apparent as 86.8 percent in 2007 and 82.6 percent in 2006 of governmental activities are supported through these general receipts.



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### **Business-type Activities**

The dependence upon program revenues is apparent as nearly 100 percent of Business-Type activities are supported through these receipts for both 2007 and 2006.

### **The Village's Funds**

For 2007 and 2006, total governmental funds had receipts of \$1.29 million and \$1.19 million and disbursements of \$1.23 million and \$1.21 million, respectively. The greatest change within governmental funds occurred within the Income Tax and NEDD Fund for 2007, and the NEDD fund in 2006. The fund balance of the General Fund decreased \$48,831 in 2007 and \$22,795 in 2006 as the result of increased costs for salaries and benefits and not achieving anticipated growth in income and property tax receipts.

### **General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted funds are the General Fund, Street Maintenance Fund, NEDD Fund and Income Tax Fund.

During 2007 and 2006, the Village did not amend its General Fund budgets. For the General Fund, final disbursements were budgeted at \$909,000 while actual disbursements were \$695,820 in 2007. Final disbursements were budgeted at \$819,409 while actual disbursements were \$692,957 in 2006. The result is the decrease in fund balance of \$29,350 for 2007 and \$22,795 for 2006.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

The Village does not currently keep track of its capital assets and infrastructure.

#### **Debt**

At December 31, 2007, the Village's outstanding debt included \$19,133 in Ohio Public Works Commission project loan issued for improvements to the municipal water system, and \$57,800 in anticipation loans for the purchase of new land. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

### **Current Issues**

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Village relies heavily on local taxes and intergovernmental revenues to provide safe and secure neighborhoods through our Police Department and trained and qualified firemen for our Fire Department.

### **Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Anne Johnson, Clerk-Treasurer, 27 Canal Street West, Navarre, Ohio 44662.

**Village of Navarre, Stark County**

*Statement of Net Assets - Cash Basis*

*December 31, 2007*

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	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 826,815	\$ 1,337,946	\$ 2,164,761
<i>Total Assets</i>	<u>\$ 826,815</u>	<u>\$ 1,337,946</u>	<u>\$ 2,164,761</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$ 224,784	-	\$ 224,784
Permanent Fund - Cemetery Endowment			
Nonexpendable	116,540	-	116,540
Expendable	11,335	-	11,335
Other Purposes	411,129	-	411,129
Unrestricted	<u>63,027</u>	<u>\$ 1,337,946</u>	<u>1,400,973</u>
<i>Total Net Assets</i>	<u>\$ 826,815</u>	<u>\$ 1,337,946</u>	<u>\$ 2,164,761</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2007

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 163,514	\$ 49,409	-	-	\$ (114,105)	-	\$ (114,105)
Security of Persons and Property	438,431	514	-	-	(437,917)	-	(437,917)
Public Health Services	7,253	-	-	-	(7,253)	-	(7,253)
Leisure Time Activities	18,621	-	-	-	(18,621)	-	(18,621)
Community Environment	4,069	-	-	-	(4,069)	-	(4,069)
Basic Utility Services	3,929	-	-	-	(3,929)	-	(3,929)
Transportation	223,278	-	\$ 80,616	-	(142,662)	-	(142,662)
Capital Outlay	329,141	-	-	\$ 32,096	(297,045)	-	(297,045)
Debt Service:							
Principal Retirement	40,000	-	-	-	(40,000)	-	(40,000)
<i>Total Governmental Activities</i>	<u>1,228,236</u>	<u>49,923</u>	<u>80,616</u>	<u>32,096</u>	<u>(1,065,601)</u>	<u>-</u>	<u>(1,065,601)</u>
<b>Business Type Activities</b>							
Water	301,175	379,988	-	-	-	78,813	78,813
Sewer	382,249	505,836	-	-	-	123,587	123,587
Debt Service	68,125	-	-	-	-	(68,125)	(68,125)
Utility Deposit	2,640	-	-	-	-	(2,640)	(2,640)
Cemetery	44,693	36,597	-	-	-	(8,096)	(8,096)
<i>Total Business Type Activities</i>	<u>798,882</u>	<u>922,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,539</u>	<u>123,539</u>
<b>Total</b>	<u>\$ 2,027,118</u>	<u>\$ 972,344</u>	<u>\$ 80,616</u>	<u>\$32,096</u>	<u>(1,065,601)</u>	<u>123,539</u>	<u>(942,062)</u>
<b>General Receipts</b>							
Property Taxes Levied for:							
General Purposes					\$ 75,863	-	\$ 75,863
Municipal Income Taxes					833,946	-	833,946
Grants and Entitlements not Restricted to							
Specific Programs					145,698	-	145,698
Interest					65,531	-	65,531
Miscellaneous					6,575	\$ 4,661	11,236
<i>Total General Receipts</i>					<u>1,127,613</u>	<u>4,661</u>	<u>1,132,274</u>
Change in Net Assets					62,012	128,200	190,212
<i>Net Assets Beginning of Year</i>					<u>764,803</u>	<u>1,209,746</u>	<u>1,974,549</u>
<i>Net Assets End of Year</i>					<u>\$ 826,815</u>	<u>\$ 1,337,946</u>	<u>\$ 2,164,761</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2007*

	General	Street Maintenance Fund	NEDD Fund	Income Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 63,027	\$ 39,153	\$ 94,405	\$ 215,257	\$ 414,973	\$ 826,815
<i>Total Assets</i>	<u>\$ 63,027</u>	<u>\$ 39,153</u>	<u>\$ 94,405</u>	<u>\$ 215,257</u>	<u>\$ 414,973</u>	<u>\$ 826,815</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$ 20,519	\$ 2,347	-	-	\$ 379	\$ 23,245
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	42,508	-	-	-	40,000	82,508
Special Revenue Funds	-	\$ 36,806	\$ 94,405	\$ 215,257	21,935	368,403
Capital Projects Funds	-	-	-	-	224,784	224,784
Permanent Fund	-	-	-	-	127,875	127,875
<i>Total Fund Balances</i>	<u>\$ 63,027</u>	<u>\$ 39,153</u>	<u>\$ 94,405</u>	<u>\$ 215,257</u>	<u>\$ 414,973</u>	<u>\$ 826,815</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

	General	Street Maintenance Fund	NEDD Fund	Income Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Municipal Income Taxes	-	-	\$ 50,496	\$ 783,450	-	\$ 833,946
Property and Other Local Taxes	\$ 75,863	-	-	-	-	75,863
Charges for Services	47,878	-	-	-	-	47,878
Fines, Licenses and Permits	1,531	-	-	-	\$ 514	2,045
Intergovernmental	145,697	\$ 74,570	-	-	38,143	258,410
Interest	49,643	4,553	-	-	11,335	65,531
Miscellaneous	5,858	97	-	-	620	6,575
<i>Total Receipts</i>	<u>326,470</u>	<u>79,220</u>	<u>50,496</u>	<u>783,450</u>	<u>50,612</u>	<u>1,290,248</u>
<b>Disbursements</b>						
Current:						
General Government	150,899	-	-	12,615	-	163,514
Security of Persons and Property	432,466	-	-	-	5,965	438,431
Public Health Services	7,253	-	-	-	-	7,253
Leisure Time Activities	18,621	-	-	-	-	18,621
Community Environment	4,069	-	-	-	-	4,069
Basic Utility Services	3,929	-	-	-	-	3,929
Transportation	-	220,733	-	-	2,545	223,278
Capital Outlay	58,064	27,470	149,108	-	94,499	329,141
Debt Service:						
Principal Retirement	-	-	40,000	-	-	40,000
<i>Total Disbursements</i>	<u>675,301</u>	<u>248,203</u>	<u>189,108</u>	<u>12,615</u>	<u>103,009</u>	<u>1,228,236</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(348,831)	(168,983)	(138,612)	770,835	(52,397)	62,012
<b>Other Financing Sources (Uses)</b>						
Transfers In	300,000	150,000	-	-	150,000	600,000
Transfers Out	-	-	-	(600,000)	-	(600,000)
<i>Total Other Financing Sources (Uses)</i>	<u>300,000</u>	<u>150,000</u>	<u>-</u>	<u>(600,000)</u>	<u>150,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	(48,831)	(18,983)	(138,612)	170,835	97,603	62,012
<i>Fund Balances Beginning of Year</i>	<u>111,858</u>	<u>58,136</u>	<u>233,017</u>	<u>44,422</u>	<u>317,370</u>	<u>764,803</u>
<i>Fund Balances End of Year</i>	<u>\$ 63,027</u>	<u>\$ 39,153</u>	<u>\$ 94,405</u>	<u>\$ 215,257</u>	<u>\$ 414,973</u>	<u>\$ 826,815</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 74,563	\$ 74,563	\$ 75,863	\$ 1,300
Charges for Services	58,576	58,576	47,878	(10,698)
Fines, Licenses and Permits	1,873	1,873	1,531	(342)
Intergovernmental	178,253	178,253	145,697	(32,556)
Interest	60,738	60,738	49,643	(11,095)
Miscellaneous	7,166	7,166	5,858	(1,308)
<i>Total receipts</i>	<u>381,169</u>	<u>381,169</u>	<u>326,470</u>	<u>(54,699)</u>
<b>Disbursements</b>				
Current:				
General Government	197,130	197,130	150,899	46,231
Security of Persons and Property	591,767	591,767	452,985	138,782
Public Health Services	9,475	9,475	7,253	2,222
Leisure Time Activities	24,325	24,325	18,621	5,704
Community Environment	5,316	5,316	4,069	1,247
Basic Utility Services	5,134	5,134	3,929	1,205
Capital Outlay	75,853	75,853	58,064	17,789
<i>Total Disbursements</i>	<u>909,000</u>	<u>909,000</u>	<u>695,820</u>	<u>213,180</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(527,831)	(527,831)	(369,350)	158,481
<b>Other Financing Sources (Uses)</b>				
Transfers In	415,973	415,973	300,000	(115,973)
<i>Total Other Financing Sources (Uses)</i>	<u>415,973</u>	<u>415,973</u>	<u>300,000</u>	<u>(115,973)</u>
<i>Net Change in Fund Balance</i>	(111,858)	(111,858)	(69,350)	42,508
<i>Fund Balance Beginning of Year</i>	<u>111,858</u>	<u>111,858</u>	<u>111,858</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,508</u>	<u>\$ 42,508</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual -Budget Basis  
 Street Maintenance Fund  
 For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$ 90,178	\$ 90,178	\$ 74,570	\$ (15,608)
Interest	5,508	5,508	4,553	(955)
Miscellaneous	688	688	97	(591)
<i>Total receipts</i>	<u>96,374</u>	<u>96,374</u>	<u>79,220</u>	<u>(17,154)</u>
<b>Disbursements</b>				
Current:				
Transportation	309,485	309,485	223,080	86,405
Capital Outlay	38,515	38,515	27,470	11,045
<i>Total Disbursements</i>	<u>348,000</u>	<u>348,000</u>	<u>250,550</u>	<u>97,450</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(251,626)	(251,626)	(171,330)	80,296
<b>Other Financing Sources (Uses)</b>				
Transfers In	193,490	193,490	150,000	(43,490)
<i>Net Change in Fund Balance</i>	(58,136)	(58,136)	(21,330)	36,806
<i>Fund Balance Beginning of Year</i>	58,136	58,136	58,136	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,806</u>	<u>\$ 36,806</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual -Budget Basis  
 NEDD Fund  
 For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Municipal Income Taxes	\$125,982	\$125,982	\$ 50,496	(\$75,486)
<i>Total receipts</i>	<u>125,982</u>	<u>125,982</u>	<u>50,496</u>	<u>(75,486)</u>
<b>Disbursements</b>				
Capital Outlay	318,999	318,999	149,108	169,891
Debt Service:				
Principal Retirement	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
<i>Total Disbursements</i>	<u>358,999</u>	<u>358,999</u>	<u>189,108</u>	<u>169,891</u>
<i>Net Change in Fund Balance</i>	(233,017)	(233,017)	(138,612)	94,405
<i>Fund Balance Beginning of Year</i>	168,017	168,017	168,017	-
Prior Year Encumbrances Appropriated	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,405</u>	<u>\$ 94,405</u>

See accompanying notes to the basic financial statements



**Village of Navarre, Stark County**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual -Budget Basis  
 Income Tax Fund  
 For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Municipal Income Taxes	\$625,577	\$625,577	\$ 783,450	\$157,873
<i>Total receipts</i>	<u>625,577</u>	<u>625,577</u>	<u>783,450</u>	<u>157,873</u>
<b>Disbursements</b>				
Current:				
General Government	13,796	13,796	12,615	1,181
<i>Total Disbursements</i>	<u>13,796</u>	<u>13,796</u>	<u>12,615</u>	<u>1,181</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	611,781	611,781	770,835	159,054
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(656,203)	(656,203)	(600,000)	56,203
<i>Total Other Financing Sources (Uses)</i>	<u>(656,203)</u>	<u>(656,203)</u>	<u>(600,000)</u>	<u>56,203</u>
<i>Net Change in Fund Balance</i>	(44,422)	(44,422)	170,835	215,257
<i>Fund Balance Beginning of Year</i>	<u>44,422</u>	<u>44,422</u>	<u>44,422</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,257</u>	<u>\$ 215,257</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**  
*Statement of Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*December 31, 2007*

	Business-Type Activities			
	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 952,614	\$ 203,725	\$ 181,607	\$ 1,337,946
<i>Total Assets</i>	<u>\$ 952,614</u>	<u>\$ 203,725</u>	<u>\$ 181,607</u>	<u>\$ 1,337,946</u>
<b>Net Assets</b>				
Unrestricted	<u>\$ 952,614</u>	<u>\$ 203,725</u>	<u>\$ 181,607</u>	<u>\$ 1,337,946</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2007*

	Business-Type Activities			Total Enterprise Funds
	Water	Sewer	Other Enterprise Funds	
<b>Operating Receipts</b>				
Charges for Services	\$ 379,988	\$ 505,336	\$ 36,597	\$ 921,921
Fines, Licenses and Permits	-	500	-	500
Other Operating Receipts	860	-	-	860
<i>Total Operating Receipts</i>	<u>380,848</u>	<u>505,836</u>	<u>36,597</u>	<u>923,281</u>
<b>Operating Disbursements</b>				
Personal Services	187,580	228,697	20,470	436,747
Contractual Services	28,982	96,454	3,986	129,422
Materials and Supplies	39,450	49,008	16,117	104,575
Capital Outlay	45,163	8,090	4,120	57,373
<i>Total Operating Disbursements</i>	<u>301,175</u>	<u>382,249</u>	<u>44,693</u>	<u>728,117</u>
<i>Operating Income (Loss)</i>	79,673	123,587	(8,096)	195,164
<b>Non-Operating Receipts/ (Disbursements)</b>				
Redemption of Principal	-	-	(64,784)	(64,784)
Interest and Other Fiscal Charges	-	-	(3,341)	(3,341)
Other Financing Sources	-	-	3,801	3,801
Other Financing Uses	-	-	(2,640)	(2,640)
<i>Income (Loss) before Transfers</i>	79,673	123,587	(75,060)	128,200
Transfers In	-	-	89,125	89,125
Transfers Out	(4,784)	(84,341)	-	(89,125)
<i>Change in Net Assets</i>	74,889	39,246	14,065	128,200
<i>Net Assets Beginning of Year</i>	<u>877,725</u>	<u>164,479</u>	<u>167,542</u>	<u>1,209,746</u>
<i>Net Assets End of Year</i>	<u>\$ 952,614</u>	<u>\$ 203,725</u>	<u>\$ 181,607</u>	<u>\$ 1,337,946</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2007*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,053,495</u>
<b>Net Assets</b>	
Unrestricted	<u>\$1,053,495</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**

*Statement of Net Assets - Cash Basis*

*December 31, 2006*

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	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 764,803	\$ 1,209,746	\$ 1,974,549
<i>Total Assets</i>	<u>\$ 764,803</u>	<u>\$ 1,209,746</u>	<u>\$ 1,974,549</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$ 188,053	-	\$ 188,053
Permanent Fund - Cemetery Endowment			
Nonexpendable	115,941	-	115,941
Other Purposes	348,951	-	348,951
Unrestricted	<u>111,858</u>	<u>\$ 1,209,746</u>	<u>1,321,604</u>
<i>Total Net Assets</i>	<u>\$ 764,803</u>	<u>\$ 1,209,746</u>	<u>\$ 1,974,549</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 196,522	\$ 48,331	-	-	\$ (148,191)	-	\$ (148,191)
Security of Persons and Property	430,400	968	-	-	(429,432)	-	(429,432)
Public Health Services	6,704	-	-	-	(6,704)	-	(6,704)
Leisure Time Activities	17,035	-	-	-	(17,035)	-	(17,035)
Community Environment	4,136	-	-	-	(4,136)	-	(4,136)
Transportation	216,779	-	\$ 77,082	-	(139,697)	-	(139,697)
Capital Outlay	299,661	-	-	\$ 84,501	(215,160)	-	(215,160)
Debt Service:							
Principal Retirement	40,000	-	-	-	(40,000)	-	(40,000)
<i>Total Governmental Activities</i>	1,211,237	49,299	77,082	84,501	(1,000,355)	-	(1,000,355)
<b>Business Type Activities</b>							
Water	326,882	400,635	-	-	-	73,753	73,753
Sewer	397,861	468,673	-	-	-	70,812	70,812
Debt Service	68,681	-	-	-	-	(68,681)	(68,681)
Utility Deposit	2,360	-	-	-	-	(2,360)	(2,360)
Cemetery	39,163	59,483	-	-	-	20,320	20,320
<i>Total Business Type Activities</i>	834,947	928,791	-	-	-	93,844	93,844
<b>Total</b>	<u>\$ 2,046,184</u>	<u>\$ 978,090</u>	<u>\$ 77,082</u>	<u>\$84,501</u>	<u>(1,000,355)</u>	<u>93,844</u>	<u>(906,511)</u>
<b>General Receipts</b>							
Property Taxes Levied for:							
General Purposes					\$ 78,548	-	\$ 78,548
Municipal Income Taxes					751,940	-	751,940
Grants and Entitlements not Restricted to							
Specific Programs					88,345	-	88,345
Interest					47,202	-	47,202
Miscellaneous					9,375	\$ 7,263	16,638
<i>Total General Receipts</i>					<u>975,410</u>	<u>7,263</u>	<u>982,673</u>
Change in Net Assets					(24,945)	101,107	76,162
<i>Net Assets Beginning of Year</i>					<u>789,748</u>	<u>1,108,639</u>	<u>1,898,387</u>
<i>Net Assets End of Year</i>					<u>\$ 764,803</u>	<u>\$ 1,209,746</u>	<u>\$ 1,974,549</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	General	Street Maintenance Fund	NEDD Fund	Income Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 111,858	\$ 58,136	\$ 233,017	\$ 44,422	\$ 317,370	\$ 764,803
<i>Total Assets</i>	<u>\$ 111,858</u>	<u>\$ 58,136</u>	<u>\$ 233,017</u>	<u>\$ 44,422</u>	<u>\$ 317,370</u>	<u>\$ 764,803</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	-	-	\$ 65,000	-	\$ 65,000	\$ 130,000
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$ 111,858	-	-	-	-	111,858
Special Revenue Funds	-	\$ 58,136	168,017	\$ 44,422	13,376	283,951
Capital Projects Funds	-	-	-	-	123,053	123,053
Permanent Fund	-	-	-	-	115,941	115,941
<i>Total Fund Balances</i>	<u>\$ 111,858</u>	<u>\$ 58,136</u>	<u>\$ 233,017</u>	<u>\$ 44,422</u>	<u>\$ 317,370</u>	<u>\$ 764,803</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General	Street Maintenance Fund	NEDD Fund	Income Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Municipal Income Taxes	-	-	\$ 124,168	\$ 627,772	-	\$ 751,940
Property and Other Local Taxes	\$ 78,548	-	-	-	-	78,548
Charges for Services	46,936	-	-	-	-	46,936
Fines, Licenses and Permits	1,395	-	-	-	\$ 968	2,363
Intergovernmental	88,345	\$ 71,249	-	-	90,334	249,928
Interest	40,487	6,715	-	-	-	47,202
Miscellaneous	4,951	2,782	-	-	1,642	9,375
<i>Total Receipts</i>	<u>260,662</u>	<u>80,746</u>	<u>124,168</u>	<u>627,772</u>	<u>92,944</u>	<u>1,186,292</u>
<b>Disbursements</b>						
Current:						
General Government	184,144	-	-	12,378	-	196,522
Security of Persons and Property	428,988	-	-	-	1,412	430,400
Public Health Services	6,704	-	-	-	-	6,704
Leisure Time Activities	17,035	-	-	-	-	17,035
Community Environment	4,136	-	-	-	-	4,136
Transportation	-	211,758	-	-	5,021	216,779
Capital Outlay	51,950	53,387	44,167	-	150,157	299,661
Debt Service:						
Principal Retirement	-	-	40,000	-	-	40,000
<i>Total Disbursements</i>	<u>692,957</u>	<u>265,145</u>	<u>84,167</u>	<u>12,378</u>	<u>156,590</u>	<u>1,211,237</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(432,295)	(184,399)	40,001	615,394	(63,646)	(24,945)
<b>Other Financing Sources (Uses)</b>						
Transfers In	409,500	175,500	-	-	-	585,000
Transfers Out	-	-	-	(585,000)	-	(585,000)
<i>Total Other Financing Sources (Uses)</i>	<u>409,500</u>	<u>175,500</u>	<u>-</u>	<u>(585,000)</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	(22,795)	(8,899)	40,001	30,394	(63,646)	(24,945)
<i>Fund Balances Beginning of Year</i>	<u>134,653</u>	<u>67,035</u>	<u>193,016</u>	<u>14,028</u>	<u>381,016</u>	<u>789,748</u>
<i>Fund Balances End of Year</i>	<u>\$ 111,858</u>	<u>\$ 58,136</u>	<u>\$ 233,017</u>	<u>\$ 44,422</u>	<u>\$ 317,370</u>	<u>\$ 764,803</u>

See accompanying notes to the basic financial statements



**Village of Navarre, Stark County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 76,927	\$ 76,927	\$ 78,548	\$ 1,621
Charges for Services	48,568	48,568	46,936	(1,632)
Fines, Licenses and Permits	1,443	1,443	1,395	(48)
Intergovernmental	91,418	91,418	88,345	(3,073)
Interest	41,895	41,895	40,487	(1,408)
Miscellaneous	5,123	5,123	4,951	(172)
<i>Total receipts</i>	<u>265,374</u>	<u>265,374</u>	<u>260,662</u>	<u>(4,712)</u>
<b>Disbursements</b>				
Current:				
General Government	222,109	222,109	184,144	37,965
Security of Persons and Property	507,270	507,270	428,988	78,282
Public Health Services	7,927	7,927	6,704	1,223
Leisure Time Activities	20,144	20,144	17,035	3,109
Community Environment	4,891	4,891	4,136	755
Capital Outlay	61,430	61,430	51,950	9,480
<i>Total Disbursements</i>	<u>823,771</u>	<u>823,771</u>	<u>692,957</u>	<u>130,814</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(558,397)	(558,397)	(432,295)	126,102
<b>Other Financing Sources (Uses)</b>				
Transfers In	423,744	423,744	409,500	(14,244)
<i>Total Other Financing Sources (Uses)</i>	<u>423,744</u>	<u>423,744</u>	<u>409,500</u>	<u>(14,244)</u>
<i>Net Change in Fund Balance</i>	(134,653)	(134,653)	(22,795)	111,858
<i>Fund Balance Beginning of Year</i>	130,290	130,290	130,290	-
Prior Year Encumbrances Appropriated	4,363	4,363	4,363	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,858</u>	<u>\$ 111,858</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual -Budget Basis  
 Street Maintenance Fund  
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$ 71,152	\$ 71,152	\$ 71,249	\$ 97
Interest	6,705	6,705	6,715	10
Miscellaneous	2,778	2,778	2,782	4
<i>Total receipts</i>	<u>80,635</u>	<u>80,635</u>	<u>80,746</u>	<u>111</u>
<b>Disbursements</b>				
Current:				
Transportation	257,911	257,911	211,758	46,153
Capital Outlay	65,022	65,022	53,387	11,635
<i>Total Disbursements</i>	<u>322,933</u>	<u>322,933</u>	<u>265,145</u>	<u>57,788</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(242,298)	(242,298)	(184,399)	57,899
<b>Other Financing Sources (Uses)</b>				
Transfers In	175,263	175,263	175,500	237
<i>Net Change in Fund Balance</i>	(67,035)	(67,035)	(8,899)	58,136
<i>Fund Balance Beginning of Year</i>	67,035	67,035	67,035	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,136</u>	<u>\$ 58,136</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual -Budget Basis  
 NEDD Fund  
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Municipal Income Taxes	\$115,000	\$115,000	\$ 124,168	\$9,168
<i>Total receipts</i>	<u>115,000</u>	<u>115,000</u>	<u>124,168</u>	<u>9,168</u>
<b>Disbursements</b>				
Capital Outlay	268,016	268,016	109,167	158,849
Debt Service:				
Redemption of Principal	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
<i>Total Disbursements</i>	<u>308,016</u>	<u>308,016</u>	<u>149,167</u>	<u>158,849</u>
<i>Net Change in Fund Balance</i>	(193,016)	(193,016)	(24,999)	168,017
<i>Fund Balance Beginning of Year</i>	<u>193,016</u>	<u>193,016</u>	<u>193,016</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,017</u>	<u>\$ 168,017</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual -Budget Basis  
 Income Tax Fund  
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Municipal Income Taxes	\$589,000	\$589,000	\$ 627,772	\$38,772
<i>Total receipts</i>	<u>589,000</u>	<u>589,000</u>	<u>627,772</u>	<u>38,772</u>
<b>Disbursements</b>				
Current:				
General Government	12,496	12,496	12,378	118
<i>Total Disbursements</i>	<u>12,496</u>	<u>12,496</u>	<u>12,378</u>	<u>118</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	576,504	576,504	615,394	38,890
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(590,532)	(590,532)	(585,000)	5,532
<i>Total Other Financing Sources (Uses)</i>	<u>(590,532)</u>	<u>(590,532)</u>	<u>(585,000)</u>	<u>5,532</u>
<i>Net Change in Fund Balance</i>	(14,028)	(14,028)	30,394	44,422
<i>Fund Balance Beginning of Year</i>	<u>14,028</u>	<u>14,028</u>	<u>14,028</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,422</u>	<u>\$ 44,422</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**  
*Statement of Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*December 31, 2006*

	Business-Type Activities			
	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 877,725	\$ 164,479	\$ 167,542	\$ 1,209,746
<i>Total Assets</i>	<u>\$ 877,725</u>	<u>\$ 164,479</u>	<u>\$ 167,542</u>	<u>\$ 1,209,746</u>
<b>Net Assets</b>				
Unrestricted	<u>\$ 877,725</u>	<u>\$ 164,479</u>	<u>\$ 167,542</u>	<u>\$ 1,209,746</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2006*

	Business-Type Activities			Total Enterprise Funds
	Water	Sewer	Other Enterprise Funds	
<b>Operating Receipts</b>				
Charges for Services	\$ 400,635	\$ 468,673	\$ 59,483	\$ 928,791
Other Operating Receipts	4,530	-	-	4,530
<i>Total Operating Receipts</i>	<u>405,165</u>	<u>468,673</u>	<u>59,483</u>	<u>933,321</u>
<b>Operating Disbursements</b>				
Personal Services	210,550	228,265	19,619	458,434
Contractual Services	38,860	101,187	4,143	144,190
Materials and Supplies	43,437	62,582	14,796	120,815
Capital Outlay	34,035	5,827	605	40,467
<i>Total Operating Disbursements</i>	<u>326,882</u>	<u>397,861</u>	<u>39,163</u>	<u>763,906</u>
<i>Operating Income (Loss)</i>	78,283	70,812	20,320	169,415
<b>Non-Operating Receipts/ (Disbursements)</b>				
Redemption of Principal	-	-	(64,784)	(64,784)
Interest and Other Fiscal Charges	-	-	(3,897)	(3,897)
Other Financing Sources	-	-	2,733	2,733
Other Financing Uses	-	-	(2,360)	(2,360)
<i>Income (Loss) before Transfers</i>	78,283	70,812	(47,988)	101,107
Transfers In	-	-	89,681	89,681
Transfers Out	(7,175)	(82,506)	-	(89,681)
<i>Change in Net Assets</i>	71,108	(11,694)	41,693	101,107
<i>Net Assets Beginning of Year</i>	<u>806,617</u>	<u>176,173</u>	<u>125,849</u>	<u>1,108,639</u>
<i>Net Assets End of Year</i>	<u>\$ 877,725</u>	<u>\$ 164,479</u>	<u>\$ 167,542</u>	<u>\$ 1,209,746</u>

See accompanying notes to the basic financial statements

**Village of Navarre, Stark County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2006*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$908,910</u></u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$908,910</u></u>

See accompanying notes to the basic financial statements

Village of Navarre, Stark County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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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. The Village Council is composed of six-members who are elected by their respective electors or by the Village at large.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, EMT and fire services.

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village does not have any component units.

**C. Joint Ventures**

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures. The Village participates in, and is the fiscal agent for, the Perry-Navarre Joint Economic Development District (JEDD), for additional information refer to Note 12 to the financial statements.

The Village participates in jointly governed organizations. Note 13 to the financial statements provides additional information for these entities. These organizations are the Stark Council of Governments and the Stark County Regional Planning Commission.

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



Village of Navarre, Stark County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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

As discussed further in Note 2 C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its governmental and business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

**Fund Financial Statements**

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Village of Navarre, Stark County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

#### B. Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

#### Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Maintenance Fund, NEDD Fund, and Income Tax Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The Street Maintenance Fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets. The NEDD Fund receives a portion of income tax revenue which is used to pay for infrastructure projects. The Income Tax Fund is used to record the collection of self-assessed taxes, the cost of collecting such taxes and the distribution to various other funds in accordance with Village ordinances. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

#### Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water and sewer funds.

Water Fund - The water fund accounts for the provision of water 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 pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency fund is the JEDD fund, which receives a portion of income tax revenue that is used to facilitate economic development and to create and preserve jobs. For more information refer to Note 12.

Village of Navarre, Stark County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriation ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriation ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Cash and cash equivalents that are held separately in accounts at a financial institution for retainage and bond reserves and debt service are reported as "Cash and Cash Equivalents with Fiscal Agents." There were no such accounts during the period.

Village of Navarre, Stark County  
Notes to the Financial Statements  
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Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2007 and 2006, the Village invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost and have terms of 3 and 19 months.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 and 2006 were \$49,643 and \$40,487 respectively.

#### F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village did not have any restricted assets.

#### G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

#### H. Capital Assets

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

#### I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

#### J. Accumulated Leave

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

#### K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Village of Navarre, Stark County  
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L. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid. The Village did not have such transactions in 2007 and 2006.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Street Maintenance Fund, NEDD Fund, and Income Tax Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (GAAP basis). The encumbrances outstanding at year-end 2007 (budgetary basis) amounted to \$20,519 for the General Fund and \$2,347 for Street Maintenance Fund. At year-end 2006, the encumbrances amounted to \$65,000 for the NEDD Fund.

Village of Navarre, Stark County  
Notes to the Financial Statements  
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**Note 4 – Deposits and Investments**

State statutes classify monies held by the Village into three categories.

Active deposits are public deposits necessary to meet current demands on the Village treasury. Such monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Village has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Village of Navarre, Stark County  
Notes to the Financial Statements  
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Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Village only has demand deposits and certificates of deposit. At December 31, 2007, \$3,146,856 of the Village's bank balance of \$3,246,856 and at December 31, 2006, \$2,812,304 of the Village's bank balance of \$2,912,304 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

**Note 5 – Income Taxes**

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village, as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Village of Navarre, Stark County  
Notes to the Financial Statements  
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**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2007, was \$2.70 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2006 property tax receipts were based are as follows:

	2006	2005
Real Property		
Residential/Agricultural	\$ 21,216,630	\$ 19,509,970
Other	7,753,580	5,527,240
Tangible Personal Property		
General	2,712,579	3,983,773
Public Utilities	817,540	813,160
Total Valuation	\$ 32,500,329	\$ 29,834,143

**Note 7 – Risk Management**

The Village is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007 and 2006, the Village contracted with private carriers for property and fleet insurance for the following:

- Boilers
- Comprehensive property and general liability
- Vehicles



Village of Navarre, Stark County  
Notes to the Financial Statements  
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- Commercial inland marine
- General Liability
- Public Officials Liability
- Employer's Liability
- Employee Benefits Liability
- Cemetery liability

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

The Village also provides health insurance to full-time employees through Medical Mutual of Ohio Benefit Plan, dental and vision coverage through Professional Claims Management, and life insurance through Medical Life.

**Note 8 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2007 and 2006, the members of all three plans, were required to contribute 9.5 percent in 2007 and 9 percent in 2006 of their annual covered salaries. The Village's contribution rate for pension benefits for 2007 was 13.85 percent and 13.70 percent for 2006. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$74,360, \$75,022, and \$72,410, respectively. The full amount has been contributed for 2007, 2006 and 2005.

Village of Navarre, Stark County  
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For the Years Ended December 31, 2007 and 2006

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**B. Ohio Police and Fire Pension Fund**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5 percent for police officers. The Village has no full-time firefighters. Contributions are authorized by State statute. The Village's required contributions to the Ohio Police and Fire Pension Fund for the years ended December 31, 2007, 2006, and 2005 were \$36,502, \$35,332, and \$29,584. The full amount has been contributed for 2007, 2006 and 2005.

**Note 9 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. In 2006, the rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was used to fund health care. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; the employer contribution rate included 5.00 percent from January 1, through June 30, 2007 and 6.00 percent from July 1 through December 31, 2007 to fund health care for the year. The Ohio revised Code provides the statutory authority to require public employees to fund post retirement health care through their contributions to OPERS.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

Village of Navarre, Stark County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions which were used to fund postemployment benefits were \$23,630 for 2007 and \$24,645 for 2006. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**B. Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total police employer contribution rate is 19.5 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 6.75 percent in 2007. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions that were used to fund postemployment benefits were \$12,630 in 2007 and \$14,027 in 2006 for police. The OP&F's total health care expense for the year ended December 31, 2006 (the latest information available) was \$120,373,722, which was net of member contributions of \$58,532,848. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006, was 14,120 for police and 10,563 for firefighters.

Village of Navarre, Stark County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 10 – Long-Term Debt**

A summary of the debt transactions for the years ended December 31, 2007 and 2006 follows:

	Balance at 1/1/2006	Increase	Decrease	Balance at 12/31/2006	Due within one year
<b>Business-Type Activities:</b>					
OPWC Loan	\$ 28,701	-	\$ 4,784	\$ 23,917	\$ 4,784
Land Purchase Note	137,800	-	40,000	97,800	40,000
Mortgage Revenue Bonds	120,000	-	60,000	60,000	60,000
<b>Total Business-Type Activities</b>	<b>\$ 286,501</b>	<b>-</b>	<b>\$ 104,784</b>	<b>\$ 181,717</b>	<b>\$ 104,784</b>
	Balance at 1/1/2007	Increase	Decrease	Balance at 12/31/2007	Due within one year
<b>Business-Type Activities:</b>					
OPWC Loan	\$ 23,917	-	\$ 4,784	\$ 19,133	\$ 4,784
Land Purchase Note	97,800	-	40,000	57,800	40,000
Mortgage Revenue Bonds	60,000	-	60,000	-	-
<b>Total Business-Type Activities</b>	<b>\$ 181,717</b>	<b>-</b>	<b>\$ 104,784</b>	<b>\$ 76,933</b>	<b>\$ 44,784</b>

The Land Purchase Note was added to the above schedule to correct the previous year's ending balance. The note carries an interest rate of 0% and was for the purchase of property.

The Village obtained an Ohio Public Works Commission project loan for the purpose of improving the municipal water system. This loan will be repaid in semiannual installments with no interest, over 20 years. The Village obtained the sewer bonds for the purpose of constructing a sewer treatment plant. These bonds will be repaid in annual installments over 20 years.

The following is a summary of the Village's future annual debt service requirements:

Year Ending December 31	OPWC Principal	Land Purchase Note Principal
2008	\$ 4,784	\$ 40,000
2009	4,784	17,800
2010	4,784	-
2011	4,781	-
<b>Total</b>	<b>\$ 19,133</b>	<b>\$ 57,800</b>

Village of Navarre, Stark County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 11 – Contingent Liabilities**

The Village may be a defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 12 – Joint Ventures**

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 13 – Jointly Governed Organizations**

- A. 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.
- B. 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 14 – Interfund Transfers**

In 2007 and 2006, the Village transferred income tax receipts collected in the Income Tax Fund to the General, the Street Maintenance, and Capital Improvement (2007 only) funds in accordance with the tax allocation ordinance. In addition, the Village transferred monies from the Water and Sewer funds to the Debt Service Enterprise Fund for principal and interest payments. These transfers met all applicable requirements of the Ohio Revised Code.

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Navarre  
Stark County  
27 Canal Street  
Navarre, Ohio 4664

To the Village Council:

We have audited the financial statements of the governmental activities, business –type activities, each major fund, and the aggregate remaining fund information of the Village of Navarre, Stark County, Ohio (the Village) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village’s financial statements and have issued our report thereon dated June 5, 2008, wherein we noted that the Village uses the cash basis of accounting rather than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village’s financial statements that is more than inconsequential will not be prevented or detected by the Village’s internal control. We consider the deficiency described in the accompanying Schedule of Findings, item 2007-NAV-002 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe the significant deficiency described above to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2007-NAV-001 and 002.

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

We also noted certain matters that we reported to management in a separate letter dated June 5, 2008.

This report is intended solely for the information and use of the management, the Village Council and the audit committee is not intended to be and should not be used by anyone other than these specified parties.

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

June 5, 2008

**VILLAGE OF NAVARRE  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
December 31, 2007 and 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number: 2007-NAV-001 – Material Noncompliance**

Ohio Revised Code Section 5705.36(A)(4) requires that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. The following funds had actual receipts below estimated receipts, which the deficiency reduced the estimated resources below the level of appropriations.

**2006**

Fund	Estimated Receipts	Actual Receipts	Variance
General	\$ 689,118	\$ 670,162	\$ (18,956)
State Highway	6,300	5,833	(467)
DARE	1,600	441	(1,159)
Police Ed. & Enf.	1,150	968	(182)
Fire EMT	75,001	73,001	(2,000)
Law Enf. Trust	200	-	(200)
Capital Projects	50,000	-	(50,000)
Repl. Safe Equip	20,000	-	(20,000)
Water	418,500	405,165	(13,335)
Sewer	529,200	468,673	(60,527)
Sewer Imp.	21,000	-	(21,000)
Ent. Debt Service	150,000	-	(150,000)



**VILLAGE OF NAVARRE  
STARK COUNTY**

**SCHEDULE OF FINDINGS – (continued)  
December 31, 2007 and 2006**

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

**Finding Number: 2007-NAV-001 – (continued)**

**2007**

<u>Fund</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 797,142	\$ 626,470	\$ (170,672)
Street Maintenance	289,864	229,220	(60,644)
NEDD	125,982	50,496	(75,486)
Police Ed. & Enf.	776	514	(262)
Law Enf. Trust	2,000	-	(2,000)
Repl. Safety Equip	57,423	-	(57,423)
Water	402,275	380,848	(21,427)
Ent. Debt Service	150,000	-	(150,000)

**Management Response:**

The Village will establish procedures to monitor budgetary compliance more closely throughout the year.

**Finding Number: 2007-NAV-002 – Material Noncompliance and Material Weakness**

**Income Tax Distribution**

In 2007, the Village adopted ordinance number 4-2007 amending its income tax distribution ordinance to allocate 50% of its income tax receipts to the General Fund, 25% to the SCM&R, and 25% to the Capital Improvement Fund after expenses were deducted from the total collected. In 2007, the Village distributed 57% to the General Fund, 27% the SCM&R Fund and 16% to the Capital Improvement Fund, contrary to the above ordinance.

We recommend the Village institute policies and procedures to ensure the proper distribution of income tax revenue to the proper funds in the proper amounts. The financial statements and the Village's records were adjusted to reflect the correct income tax allocation.

**Management Response:**

Management agrees and has adjusted its records and will institute procedures to properly allocate income tax.

## **STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS**

The prior audit report, for the two years ending December 31, 2005, included no material citations or recommendations.



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF NAVARRE**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 16, 2008**