

VILLAGE OF NAVARRE

STARK COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2010

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



Dave Yost • Auditor of State

Village Council
Village of Navarre
27 West Canal Street
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, 2010 through December 31, 2010. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 9, 2011

This Page is Intentionally Left Blank.

VILLAGE OF NAVARRE
STARK COUNTY
AUDIT REPORT
For the year ended December 31, 2010

Table of Contents

<u>Title</u>	<u>Page</u>
Report of Independent Accountants	1-2
Management’s Discussion and Analysis	3-9
 Basic Financial Statements:	
Government-wide Financial Statements - 2010:	
Statement of Net Assets – Cash Basis	10
Statement of Activities – Cash Basis	11
 Fund Financial Statements - 2010	
Statement of Cash Basis Assets and Fund Balances	12
Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds	13
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balance – Budget and Actual – Budget Basis - General Fund.....	14
Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balance – Budget and Actual – Budget Basis – Street Maintenance Fund.....	15
Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balance – Budget and Actual – Budget Basis – Income Tax Fund.....	16
Statement of Fund Net Assets – Cash Basis – Proprietary Funds	17
Statement of Cash Receipts, Disbursements, and Changes in Fund Net Assets – Cash Basis – Proprietary Funds	18
Statement of Fiduciary Net Assets – Cash Basis – Fiduciary Funds	19

VILLAGE OF NAVARRE
STARK COUNTY
AUDIT REPORT
For the year ended December 31, 2010

Table of Contents

<u>Title</u>	<u>Page</u>
Notes to the Basic Financial Statements	20-33
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	34
Schedule of Findings	36-37
Status of Prior Audit's Citations and Recommendations	38

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 year ended December 31, 2010, 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, 2010, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund, the Street Maintenance Fund, and the Income Tax Fund thereof for the year then ended in conformity with accounting basis Note 2 describes.

The management's discussion and analysis 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 May 18, 2011 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.

A handwritten signature in black ink that reads "Charles E. Harris". The signature is written in a cursive, slightly slanted style.

Charles E. Harris & Associates, Inc.
May 18, 2011

Village of Navarre, Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

This discussion and analysis of the Village of Navarre's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2010, 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 2010 are as follows:

Net assets of governmental activities increased \$194,783, or 20 percent in 2010, a 19.6 percent change from the prior year.

The Village's general receipts are primarily property and income taxes. These receipts represent 92 percent for 2010 of the total cash received for governmental activities. Property and income tax receipts for 2010 changed very little compared to 2009 as development within the Village has slowed.

The Business-Type activities show a decrease of \$47,128 or 3 percent in 2010, a slight change from 2009.

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.

Village of Navarre, Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

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 2010, 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.

Village of Navarre, Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

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, Income Tax Fund and Capital Projects 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 three major enterprise funds, the water fund, the sewer fund, and sewer replacement 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 provides a summary of the Village's net assets for 2010 compared to 2009 on the cash basis.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Cash and Cash Equivalents	\$ 1,190,449	\$ 995,666	\$ 1,527,121	\$ 1,574,249	\$ 2,717,570	\$ 2,569,915
Total Assets	\$1,190,449	\$ 995,666	\$ 1,527,121	\$ 1,574,249	\$ 2,717,570	\$ 2,569,915
Net Assets						
Restricted for:						
Capital Projects	\$ 721,510	\$ 616,832	-	-	\$ 721,510	\$ 616,832
Permanent Fund - Cemetery Endowment:						
Nonexpendable	118,915	118,240	-	-	118,915	118,240
Expendable	17,048	16,197	-	-	17,048	16,197
Other Purposes	250,268	196,329	-	-	250,268	196,329
Unrestricted	82,708	48,068	\$ 1,527,121	\$ 1,574,249	1,609,829	1,622,317
Total Net Assets	\$1,190,449	\$ 995,666	\$ 1,527,121	\$ 1,574,249	\$ 2,717,570	\$ 2,569,915

Village of Navarre, Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

As mentioned previously, net assets of governmental activities increased \$194,783 or 20 percent during 2010. The primary reasons contributing to the increases in cash balances are the unanticipated growth in local tax receipts and slight decreases in salaries.

Net assets of Business-Type activities decreased \$47,128 or 3 percent in 2010, slight change from previous year.

Table 2 reflects the changes in net assets in 2010 and 2009, respectively.

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 10,785	\$ 23,684	\$ 966,432	\$ 963,323	\$ 977,217	\$ 987,007
Operating Grants and Contributions	93,837	99,669	-	-	93,837	99,669
General Receipts:						
Property Taxes	99,389	91,689	-	-	99,389	91,689
Municipal Income Taxes	864,361	895,052	-	-	864,361	895,052
Grants and Entitlements	102,045	112,031	-	-	102,045	112,031
Interest	1,904	20,638	-	-	1,904	20,638
Miscellaneous	129,550	25,670	-	-	129,550	25,670
Transfers	-	-	-	17,800	-	17,800
Total Receipts	1,301,871	1,268,433	966,432	981,123	2,268,303	2,249,556
Disbursements:						
Current:						
General Government	193,394	183,616	-	-	193,394	183,616
Security of Persons and Property	482,360	477,259	-	-	482,360	477,259
Public Health Services	7,946	7,175	-	-	7,946	7,175
Leisure Time Activities	21,307	26,396	-	-	21,307	26,396
Community Environment	4,228	4,288	-	-	4,228	4,288
Basic Utility Services	3,015	3,617	-	-	3,015	3,617
Transportation	263,952	261,707	-	-	263,952	261,707
Miscellaneous	8,316	5,596	-	-	8,316	5,596
Capital Outlay	122,570	141,580	-	-	122,570	141,580
Transfers	-	17,800	-	-	-	17,800
Water	-	-	472,548	247,574	472,548	247,574
Sewer	-	-	492,438	515,565	492,438	515,565
Utilities Deposit	-	-	2,080	2,905	2,080	2,905
Cemetery	-	-	41,710	38,312	41,710	38,312
First Mortgage Debt Service	-	-	4,784	22,584	4,784	22,584
Total Disbursements	1,107,088	1,129,034	1,013,560	826,940	2,120,648	1,955,974
Changes in Net Assets	\$ 194,783	\$ 139,399	\$ (47,128)	\$ 154,183	\$ 147,655	\$ 293,582

Village of Navarre, Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Program receipts represent 8 percent in 2010 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 92 percent in 2010 of the Village's total receipts, and of this amount, over 81 percent in 2010 are local taxes. State and federal grants and entitlements make up 9 percent of the Village's general receipts and miscellaneous receipts are 11 percent. Other receipts are insignificant and somewhat unpredictable revenue sources.

In the Business-Type activities, program receipts account for 100 percent of the total business-type receipts in 2010 and are also primarily comprised of charges for services (i.e. water and sewer charges).

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 11, 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 transportation, which account for 44 and 24 percent of all governmental disbursements in 2010. Capital outlay also represents a significant cost, about 11 percent in 2010. The next two 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 3 and 4.

Village of Navarre, Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

(Table 3)

	Governmental Activities		Business-Type Activities	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2010	2010	2010	2010
General Government	\$ 193,394	\$ (183,997)	-	-
Security of Persons and Property	482,360	(481,647)	-	-
Public Health Services	7,946	(7,271)	-	-
Leisure Time Activities	21,307	(21,307)	-	-
Community Environment	4,228	(4,228)	-	-
Basic Utility Services	3,015	(3,015)	-	-
Transportation	263,952	(263,952)	-	-
Capital Outlay	122,570	(28,733)	-	-
Miscellaneous	8,316	(8,316)	-	-
Water	-	-	\$ 472,548	\$ (126,593)
Sewer	-	-	492,438	83,698
Utilities Deposit	-	-	2,080	1,170
Cemetery	-	-	41,710	(619)
First Mortgage Debt Service	-	-	4,784	(4,784)
Total Expenses	\$ 1,107,088	\$ (1,002,466)	\$ 1,013,560	\$ (47,128)

(Table 4)

	Governmental Activities		Business-Type Activities	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2009	2009	2009	2009
General Government	\$ 183,616	\$ (162,147)	-	-
Security of Persons and Property	477,259	(475,944)	-	-
Public Health Services	7,175	(7,175)	-	-
Leisure Time Activities	26,396	(26,396)	-	-
Community Environment	4,288	(3,388)	-	-
Basic Utility Services	3,617	(3,617)	-	-
Transportation	261,707	(162,038)	-	-
Capital Outlay	141,580	(141,580)	-	-
Miscellaneous	5,596	(5,596)	-	-
Water	-	-	\$ 247,574	\$ 101,934
Sewer	-	-	515,565	61,958
Utilities Deposit	-	-	2,905	(565)
Cemetery	-	-	38,312	(4,360)
First Mortgage Debt Service	-	-	22,584	(22,584)
Total Expenses	\$ 1,111,234	\$ (987,881)	\$ 826,940	\$ 136,383

The dependence upon property and income tax receipts is apparent as over 82 percent in 2010 of governmental activities are supported through these general receipts.

Business-type Activities

The dependence upon program revenues is apparent as 95 percent of Business-Type activities are supported through these receipts for 2010.

Village of Navarre, Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

The Village's Funds

Total governmental funds had receipts of \$2.1 million 2010, and disbursements of \$1.9 million in 2010. The greatest change within governmental funds occurred within the Capital Projects Fund for 2010. The fund balance of the Capital Projects Fund increased \$104,677 in 2010.

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, and Income Tax Fund.

During 2010, the Village did not amend its General Fund, Street Maintenance Fund, and Income Tax Fund budgets.

For the General Fund, final disbursements were budgeted at \$732,113 while actual disbursements were \$708,240 in 2010. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the increase in fund balance of \$30,134 for 2010.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2010, the Village's outstanding debt included \$4,782 in Ohio Public Works Commission project loan issued for improvements to the municipal water system. 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, 2010

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,190,449	\$ 1,527,121	\$ 2,717,570
<i>Total Assets</i>	<u>\$ 1,190,449</u>	<u>\$ 1,527,121</u>	<u>\$ 2,717,570</u>
Net Assets			
Restricted for:			
Capital Projects	\$ 721,510	-	\$ 721,510
Permanent Fund - Cemetery Endowment			
Nonexpendable	118,915	-	118,915
Expendable	17,048	-	17,048
Other Purposes	250,268	-	250,268
Unrestricted	82,708	\$ 1,527,121	1,609,829
<i>Total Net Assets</i>	<u>\$ 1,190,449</u>	<u>\$ 1,527,121</u>	<u>\$ 2,717,570</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, 2010

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General Government	\$ 193,394	\$ 9,397	-	\$ (183,997)	-	\$ (183,997)
Security of Persons and Property	482,360	713	-	(481,647)	-	(481,647)
Public Health Services	7,946	675	-	(7,271)	-	(7,271)
Leisure Time Activities	21,307	-	-	(21,307)	-	(21,307)
Community Environment	4,228	-	-	(4,228)	-	(4,228)
Basic Utility Services	3,015	-	-	(3,015)	-	(3,015)
Transportation	263,952	-	-	(263,952)	-	(263,952)
Capital Outlay	122,570	-	\$ 93,837	(28,733)	-	(28,733)
Miscellaneous	8,316	-	-	(8,316)	-	(8,316)
<i>Total Governmental Activities</i>	1,107,088	10,785	93,837	(1,002,466)	-	(1,002,466)
Business Type Activities						
Water	472,548	345,955	-	-	\$ (126,593)	(126,593)
Sewer	492,438	576,136	-	-	83,698	83,698
Utilities Deposit	2,080	3,250	-	-	1,170	1,170
Cemetery	41,710	41,091	-	-	(619)	(619)
First Mortgage Debt Service	4,784	-	-	-	(4,784)	(4,784)
<i>Total Business Type Activities</i>	1,013,560	966,432	-	-	(47,128)	(47,128)
Total	\$ 2,120,648	\$ 977,217	\$ 93,837	(1,002,466)	(47,128)	(1,049,594)
General Receipts						
Property Taxes Levied for:						
General Purposes				\$ 99,389	-	\$ 99,389
Municipal Income Taxes				864,361	-	864,361
Grants and Entitlements not Restricted to Specific Programs				102,045	-	102,045
Interest				1,904	-	1,904
Miscellaneous				129,550	-	129,550
<i>Total General Receipts</i>				1,197,249	-	1,197,249
Change in Net Assets				194,783	(47,128)	147,655
<i>Net Assets Beginning of Year</i>				995,666	1,574,249	2,569,915
<i>Net Assets End of Year</i>				<u>\$ 1,190,449</u>	<u>\$ 1,527,121</u>	<u>\$ 2,717,570</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, 2010

	General	Street Maintenance Fund	Income Tax Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 82,708	\$ 148,875	\$ 85,705	\$ 639,302	\$ 233,859	\$ 1,190,449
<i>Total Assets</i>	<u>\$ 82,708</u>	<u>\$ 148,875</u>	<u>\$ 85,705</u>	<u>\$ 639,302</u>	<u>\$ 233,859</u>	<u>\$ 1,190,449</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$ 5,357	\$ 57,978	-	\$ 53,443	\$ 94	\$ 116,872
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	77,351	-	-	-	-	77,351
Special Revenue Funds	-	90,897	\$ 85,705	-	15,594	192,196
Capital Projects Funds	-	-	-	585,859	82,208	668,067
Permanent Fund	-	-	-	-	135,963	135,963
<i>Total Fund Balances</i>	<u>\$ 82,708</u>	<u>\$ 148,875</u>	<u>\$ 85,705</u>	<u>\$ 639,302</u>	<u>\$ 233,859</u>	<u>\$ 1,190,449</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, 2010

	General	Street Maintenance Fund	Income Tax Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Municipal Income Taxes	-	-	\$ 864,361	-	-	\$ 864,361
Property and Other Local Taxes	\$ 99,389	-	-	-	-	99,389
Charges for Services	8,539	-	-	-	\$ 675	9,214
Fines, Licenses and Permits	858	-	-	-	713	1,571
Intergovernmental	99,309	\$ 89,330	-	-	7,243	195,882
Interest	1,053	-	-	-	851	1,904
Miscellaneous	128,375	1,175	-	-	-	129,550
<i>Total Receipts</i>	<u>337,523</u>	<u>90,505</u>	<u>864,361</u>	<u>-</u>	<u>9,482</u>	<u>1,301,871</u>
Disbursements						
Current:						
General Government	184,597	-	8,797	-	-	193,394
Security of Persons and Property	481,790	-	-	-	570	482,360
Public Health Services	7,946	-	-	-	-	7,946
Leisure Time Activities	21,307	-	-	-	-	21,307
Community Environment	4,228	-	-	-	-	4,228
Basic Utility Services	3,015	-	-	-	-	3,015
Transportation	-	256,472	-	-	7,480	263,952
Capital Outlay	-	27,158	-	\$ 95,323	89	122,570
<i>Total Disbursements</i>	<u>702,883</u>	<u>283,630</u>	<u>8,797</u>	<u>95,323</u>	<u>8,139</u>	<u>1,098,772</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(365,360)	(193,125)	855,564	(95,323)	1,343	203,099
Other Financing Sources (Uses)						
Transfers In	400,000	200,000	-	200,000	-	800,000
Transfers Out	-	-	(800,000)	-	-	(800,000)
Other Financing Uses	-	-	(8,316)	-	-	(8,316)
<i>Total Other Financing Sources (Uses)</i>	<u>400,000</u>	<u>200,000</u>	<u>(808,316)</u>	<u>200,000</u>	<u>-</u>	<u>(8,316)</u>
<i>Net Change in Fund Balances</i>	34,640	6,875	47,248	104,677	1,343	194,783
<i>Fund Balances Beginning of Year</i>	48,068	142,000	38,457	534,625	232,516	995,666
<i>Fund Balances End of Year</i>	<u>\$ 82,708</u>	<u>\$ 148,875</u>	<u>\$ 85,705</u>	<u>\$ 639,302</u>	<u>\$ 233,859</u>	<u>\$ 1,190,449</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, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 97,000	\$ 97,000	\$ 99,389	\$ 2,389
Charges for Services	17,100	17,100	8,539	(8,561)
Fines, Licenses and Permits	1,200	1,200	858	(342)
Intergovernmental	91,300	91,300	99,309	8,009
Interest	15,000	15,000	1,053	(13,947)
Miscellaneous	67,000	67,000	128,375	61,375
<i>Total receipts</i>	<u>288,600</u>	<u>288,600</u>	<u>337,523</u>	<u>48,923</u>
Disbursements				
Current:				
General Government	193,000	193,000	186,935	6,065
Security of Persons and Property	500,200	500,200	484,759	15,441
Public Health Services	8,500	8,500	7,996	504
Leisure Time Activities	22,513	22,513	21,307	1,206
Community Environment	4,400	4,400	4,228	172
Basic Utility Services	3,500	3,500	3,015	485
<i>Total Disbursements</i>	<u>732,113</u>	<u>732,113</u>	<u>708,240</u>	<u>23,873</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(443,513)	(443,513)	(370,717)	72,796
Other Financing Sources (Uses)				
Transfers In	400,000	400,000	400,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(43,513)	(43,513)	29,283	72,796
<i>Fund Balance Beginning of Year</i>	43,513	43,513	43,513	-
Prior Year Encumbrances Appropriated	4,555	4,555	4,555	-
<i>Fund Balance End of Year</i>	<u>\$ 4,555</u>	<u>\$ 4,555</u>	<u>\$ 77,351</u>	<u>\$ 72,796</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, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$ 85,000	\$ 85,000	\$ 89,330	\$ 4,330
Miscellaneous	-	-	1,175	1,175
<i>Total receipts</i>	85,000	85,000	90,505	5,505
Disbursements				
Current:				
Transportation	311,444	311,444	257,046	54,398
Capital Outlay	113,000	113,000	84,562	28,438
<i>Total Disbursements</i>	424,444	424,444	341,608	82,836
<i>Excess of Receipts Over (Under) Disbursements</i>	(339,444)	(339,444)	(251,103)	88,341
Other Financing Sources (Uses)				
Transfers In	200,000	200,000	200,000	-
<i>Total Other Financing Sources (Uses)</i>	200,000	200,000	200,000	-
<i>Net Change in Fund Balance</i>	(139,444)	(139,444)	(51,103)	88,341
<i>Fund Balance Beginning of Year</i>	139,443	139,443	139,443	-
Prior Year Encumbrances Appropriated	2,557	2,557	2,557	-
<i>Fund Balance End of Year</i>	<u>\$ 2,556</u>	<u>\$ 2,556</u>	<u>\$ 90,897</u>	<u>\$ 88,341</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, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal Income Taxes	\$ 800,000	\$ 800,000	\$ 864,361	\$ 64,361
<i>Total receipts</i>	<u>800,000</u>	<u>800,000</u>	<u>864,361</u>	<u>64,361</u>
Disbursements				
Current:				
General Government	10,800	10,800	8,797	2,003
<i>Total Disbursements</i>	<u>10,800</u>	<u>10,800</u>	<u>8,797</u>	<u>2,003</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	789,200	789,200	855,564	66,364
Other Financing Sources (Uses)				
Transfers Out	(800,000)	(800,000)	(800,000)	-
Other Financing Uses	(27,657)	(27,657)	(8,316)	19,341
<i>Total Other Financing Sources (Uses)</i>	<u>(827,657)</u>	<u>(827,657)</u>	<u>(808,316)</u>	<u>19,341</u>
<i>Net Change in Fund Balance</i>	(38,457)	(38,457)	47,248	85,705
<i>Fund Balance Beginning of Year</i>	<u>38,457</u>	<u>38,457</u>	<u>38,457</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,705</u>	<u>\$ 85,705</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, 2010

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Sewer Replacement	Other Enterprise Funds	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 923,946	\$ 370,151	\$ 185,969	\$ 47,055	\$ 1,527,121
<i>Total Assets</i>	<u>\$ 923,946</u>	<u>\$ 370,151</u>	<u>\$ 185,969</u>	<u>\$ 47,055</u>	<u>\$ 1,527,121</u>
Net Assets					
Unrestricted	\$ 923,946	\$ 370,151	\$ 185,969	\$ 47,055	\$ 1,527,121
	<u>\$ 923,946</u>	<u>\$ 370,151</u>	<u>\$ 185,969</u>	<u>\$ 47,055</u>	<u>\$ 1,527,121</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, 2010*

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Sewer Replacement	Other Enterprise Funds	
Operating Receipts					
Charges for Services	\$ 345,955	\$ 576,136	\$ -	\$ 44,341	\$ 966,432
<i>Total Operating Receipts</i>	<u>345,955</u>	<u>576,136</u>	<u>-</u>	<u>44,341</u>	<u>966,432</u>
Operating Disbursements					
Personal Services	151,778	297,548	-	23,885	473,211
Contractual Services	154,490	103,315	-	6,742	264,547
Materials and Supplies	53,148	67,517	-	13,163	133,828
Capital Outlay	113,132	24,058	-	-	137,190
<i>Total Operating Disbursements</i>	<u>472,548</u>	<u>492,438</u>	<u>-</u>	<u>43,790</u>	<u>1,008,776</u>
<i>Operating Income (Loss)</i>	(126,593)	83,698	-	551	(42,344)
Non-Operating Receipts/ (Disbursements)					
Redemption of Principal	-	-	-	(4,784)	(4,784)
<i>Income (Loss) before Transfers</i>	(126,593)	83,698	-	(4,233)	(47,128)
Transfers In	-	-	21,000	4,784	25,784
Transfers Out	(4,784)	(21,000)	-	-	(25,784)
<i>Change in Net Assets</i>	(131,377)	62,698	21,000	551	(47,128)
<i>Net Assets Beginning of Year</i>	<u>1,055,323</u>	<u>307,453</u>	<u>164,969</u>	<u>46,504</u>	<u>1,574,249</u>
<i>Net Assets End of Year</i>	<u>\$ 923,946</u>	<u>\$ 370,151</u>	<u>\$ 185,969</u>	<u>\$ 47,055</u>	<u>\$ 1,527,121</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, 2010

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$951,694</u>
Net Assets	
Unrestricted	<u>\$951,694</u>

See accompanying notes to the basic financial statements

Village of Navarre, Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2010

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 Year Ended December 31, 2010

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 Year Ended December 31, 2010

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, Capital Projects 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 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 Capital Projects Fund accounts for the Village's capital improvements. 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, sewer funds, and sewer replacement fund.

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.

Sewer Replacement Fund - This fund accounts for the repair and maintenance of the Village's sewer systems.

Village of Navarre, Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2010

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.

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.

Village of Navarre, Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2010

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.

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 2010, 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 2010 were \$1,904.

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.

Village of Navarre, Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2010

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.

L. Long-Term Obligations

The Village's cash basis financial statements 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 2010.

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.

Village of Navarre, Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2010

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, and Income Tax Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) 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 (cash basis). The encumbrances outstanding at year-end 2010 amounted to \$5,357 for the General Fund and \$57,978 for Street Maintenance Fund.

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;

Village of Navarre, Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2010

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.

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, 2010, \$3,479,049 of the Village's bank balance of \$3,729,049 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
For the Year Ended December 31, 2010

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 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, 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.

Taxes collected from tangible personal property (other than public utility) received during calendar year 2010 represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied April 1, 2009 on the values listed as of December 31, 2009. Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The full tax rate for all Village operations for the year ended December 31, 2010, was \$2.70 per \$1,000 of assessed value. The assessed values of real property and public utility property, upon which 2010 property tax receipts were based are as follows:

	<u>2010</u>
Real Property	
Residential/Agricultural	\$ 21,057,390
Other	8,432,460
Tangible Personal Property	
General	34,220
Public Utilities	<u>592,030</u>
Total Valuation	<u><u>\$ 30,116,100</u></u>

The Stark County Treasurer collects property taxes on behalf of the Village. The Stark County Auditor remits the collected taxes to the Village. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

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 2010, the Village contracted with private carriers for property and fleet insurance for the following:

Village of Navarre, Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2010

- Boilers
- Comprehensive property and general liability
- Vehicles
- Commercial inland marine
- General Liability
- Public Officials Liability
- Employer's Liability
- Employee Benefits Liability
- Cemetery liability

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.

Settled Claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

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 year ended December 31, 2010, the members of all three plans, were required to contribute 10 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2010 was 14 percent. 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, 2010, 2009, and 2008 were \$75,389, \$80,959, and \$72,601, respectively. The full amount has been contributed for 2010, 2009 and 2008.

Village of Navarre, Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2010

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, 2010, 2009, and 2008 were \$38,014, \$37,863, and \$27,764. The full amount has been contributed for 2010, 2009 and 2008.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans; the Traditional Pension Plan is a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan is a defined contribution plan; and the Combined Plan is a cost-sharing, multiple employer defined pension plan that has elements of both a defined benefit and a defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits. The 2010 local government employer contribution rate was 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for local government employers. Active members do not make contributions to the OPEB Plan. OPERS Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h).

Village of Navarre, Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2010

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.50 percent from January 1 through February 28, 2010 and 5.00 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010 and 4.23 percent from March 1 through December 31, 2010. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Village's actual employer contributions for December 31, 2010, which were used to fund post-employment benefits were \$29,620; 100 percent has been contributed for 2010.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for 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. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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 OP&F, 140 E. Town Street, Columbus, OH 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50 percent of covered payroll for police employer units and 24.00 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

Village of Navarre, Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2010

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 Trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of the Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for police were \$13,152 for the year ended December 31, 2010. The full amount has been contributed for 2010.

Note 10 – Long – Term Debt

A summary of the debt activity for the year ended December 31, 2010 follows:

	<u>Balance at</u> <u>1/1/2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at</u> <u>12/31/2010</u>	<u>Due within</u> <u>one year</u>
Business-Type Activities:					
OPWC Loan	\$ 9,566	-	\$ 4,784	\$ 4,782	\$ 4,782

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

<u>Year Ending</u> <u>December 31</u>	<u>OPWC</u> <u>Principal</u>
2011	\$ 4,782

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.

Village of Navarre, Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2010

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 2010, the Village transferred income tax receipts collected in the Income Tax Fund to the General, Street Maintenance and Capital Projects funds in accordance with the tax allocation ordinance. In addition, in 2010, the Village transferred monies from the Water and Sewer funds to the Sewer Replacement and Debt Service Enterprise Fund for principal retirement and to subsidize sewer improvements. These transfers met all applicable requirements of the Ohio Revised Code.

Note 15 – Budgetary Noncompliance

Contrary to Ohio Revised Code Section 5705.41(d), the Village did not always certify the availability of funds before incurring the liability.

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

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

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

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 Village of Navarre, Stark County, Ohio (Village) as of and for the year ended December 31, 2010, and have issued our report thereon dated May 18, 2011, wherein we noted the Village followed the cash basis of accounting rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal 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 audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and timely corrected.

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

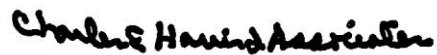
Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2010-001.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

We also noted certain matters that we have reported to management of the Village in a separate letter dated May 18, 2011.

We intend this report solely for the information and use of management, the audit committee, Village Council and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Charles E. Harris" followed by a stylized flourish.

Charles E. Harris & Associates, Inc.

May 18, 2011

VILLAGE OF NAVARRE
STARK COUNTY

SCHEDULE OF FINDINGS
December 31, 2010

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

FINDING NUMBER 2010 - 001: Noncompliance

Ohio Rev. Code Section 5705.41 (D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto certifying that the amount required to meet the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

1. Then and Now Certificates – If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Village Council may affirm or authorize the issuance of a warrant in payment due upon such contract or order by resolution or ordinance within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

Amounts of less than \$3,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

VILLAGE OF NAVARRE
STARK COUNTY

SCHEDULE OF FINDINGS
December 31, 2010

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>
--

FINDING NUMBER 2010 - 001: Noncompliance – (continued)

During our testing, we noted 45 of 75 instances where the purchase order was dated after the invoice or where expenditures were charged against blanket purchase orders after the purchase order had expired.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify the availability of funds prior to the commitment for the expenditure of Village money. The Village should consider the use of blanket purchase orders and "then and now" certificates to assist in complying with the above requirement. Also, purchases should not be made against expired blanket purchase orders.

MANAGEMENT RESPONSE:

A stronger effort will be made to ensure purchase orders are issued before the purchase of items.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the two years ending December 31, 2009 and 2008 included no material citations or recommendations.



Dave Yost • 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
AUGUST 23, 2011