

VILLAGE OF NAVARRE  
STARK COUNTY

AUDITED FINANCIAL STATEMENTS AND  
AUDITORS' REPORT

FOR THE YEARS ENDED  
DECEMBER 31, 2002 - 2003





**Auditor of State  
Betty Montgomery**

Members of Council  
Village of Navarre

We have reviewed the Independent Auditor's Report of the Village of Navarre, Stark County, prepared by Nagel, Weigand & Company, LLC for the audit period January 1, 2002 through December 31, 2003. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

June 25, 2004

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VILLAGE OF NAVARRE  
STARK COUNTY

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# Nagel, Weigand & Company, LLC

## INDEPENDENT AUDITORS' REPORT

Members of Council  
Village of Navarre  
Navarre, Ohio 44662

We have audited the accompanying financial statements of the Village of Navarre, as of and for the years ended December 31, 2003 and 2002, as listed in the table of contents. These financial statements are the responsibility of the Village of Navarre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Village, as of December 31, 2003 and 2002 and the related revenues and expenditures and budgeted receipts, appropriations for the year then ended on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated May 21, 2004 on our consideration of the Village of Navarre's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26, Ohio Revised Code and is not intended to be and should not be used by anyone other than these specified parties.

May 21, 2004

*Nagel, Weigand & Company, LLC*

VILLAGE OF NAVARRE  
STARK COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES, ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003

	GOVERNMENTAL FUND TYPES			FIDUCIARY	TOTALS (MEMO- RANDOM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	EXPENDABLE TRUST	
<b><u>ASH RECEIPTS:</u></b>					
Property and Other Local Taxes	\$ 65,211	\$ 106,212	\$ -	\$ 570,102	\$ 741,525
Intergovernmental Receipts	70,171	76,441	-	-	146,612
Charges for Services	23,997	-	-	-	23,997
Fines, Licenses, & Permits	1,270	1,881	-	-	3,151
Earnings on Investments	22,343	201	-	-	22,544
Miscellaneous	11,218	1,290	-	-	12,508
<b>Total Cash Receipts</b>	<b>194,210</b>	<b>186,025</b>	<b>-</b>	<b>570,102</b>	<b>950,337</b>
<b><u>ASH DISBURSEMENTS:</u></b>					
Current:					
Security of Persons and Property	377,722	2,089	-	-	379,811
Public Health Service	6,097	-	-	-	6,097
Leisure Time Activities	14,258	-	-	-	14,258
Community Environment	4,084	-	-	2,495	6,579
Transportation	-	240,227	-	-	240,227
General Government	154,543	24,417	-	5,750	184,710
Capital Outlay	41,535	73,928	21,824	-	137,287
<b>Total Disbursements</b>	<b>598,239</b>	<b>340,661</b>	<b>21,824</b>	<b>8,245</b>	<b>968,969</b>
Receipts Over (Under) Disbursements	(404,029)	(154,636)	(21,824)	561,857	(18,632)
<b><u>OTHER FINANCING RECEIPTS (DISBURSEMENTS):</u></b>					
Transfers In	364,700	162,000	43,300	-	570,000
Transfers Out	-	-	(20,000)	(550,000)	(570,000)
Other Uses	-	-	-	(4,098)	(4,098)
<b>Total Other Financing Receipts (Disbursements):</b>	<b>364,700</b>	<b>162,000</b>	<b>23,300</b>	<b>(554,098)</b>	<b>(4,098)</b>
Excess of Cash Receipts and Other Financing and Other Financing Disbursements	(39,329)	7,364	1,476	7,759	(22,730)
Unadjusted Cash Balance - January 1, 2003	174,290	341,933	180,042	7,972	704,237
Adjusted Cash Balance - December 31, 2003	\$ 134,961	\$ 349,297	\$ 181,518	\$ 15,731	\$ 681,507

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

VILLAGE OF NAVARRE  
STARK COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY  
FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

	PROPRIETARY FUND	FIDUCIARY FUND TYPES		TOTALS (MEMO- RANDUM ONLY)
	ENTERPRISE	NON- EXPENDABLE TRUST	AGENCY	
<b>OPERATING CASH RECEIPTS:</b>				
Charges for Services	\$ 797,211	\$ 925	\$ -	\$ 798,136
Total Operating Cash Receipts	797,211	925	-	798,136
<b>OPERATING CASH DISBURSEMENTS:</b>				
Personal Services	392,922	-	-	392,922
Contractual Services	144,627	-	-	144,627
Materials and Supplies	98,501	-	-	98,501
Capital Outlay	70,040	-	500	70,540
Total Operating Cash Disbursements	706,090	-	500	706,590
Operating Income (Loss)	91,121	925	(500)	91,546
<b>NONOPERATING CASH RECEIPTS:</b>				
Property Tax and Other Local Taxes	-	-	106,212	106,212
Earnings on Investments	2,735	-	3,666	6,401
Total Nonoperating Cash Receipts	2,735	-	109,878	112,613
<b>NONOPERATING CASH DISBURSEMENTS:</b>				
Debt Service	69,480	-	-	69,480
Total Nonoperating Cash Disbursements	69,480	-	-	69,480
Net Income (Loss) before Transfers	24,376	925	109,378	134,679
<b>OTHER FINANCING RECEIPTS (DISBURSEMENTS):</b>				
Transfers In	90,480	-	-	90,480
Transfers Out	(90,480)	-	-	(90,480)
Total Other Financing Receipts (Disbursements)	-	-	-	-
Net Income (Loss)	24,376	925	109,378	134,679
Fund Cash Balance - January 1, 2003	884,067	112,615	338,175	1,334,857
Fund Cash Balance - December 31, 2003	\$ 908,443	\$ 113,540	\$ 447,553	\$ 1,469,536

The notes to the financial statements is an integral part of this statement

VILLAGE OF NAVARRE  
STARK COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES, ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	GOVERNMENTAL FUND TYPES			FIDUCIARY	TOTALS (MEMO- RANDOM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	EXPENDABLE TRUST	
<b><u>CASH RECEIPTS:</u></b>					
Property and Other Local Taxes	\$ 64,786	\$ 91,478	\$ -	\$ 570,717	\$ 726,981
Intergovernmental Receipts	95,151	76,105	-	-	171,256
Charges for Services	1,203	-	-	-	1,203
Fines, Licenses, & Permits	815	1,460	-	-	2,275
Earnings on Investments	17,656	392	-	-	18,048
Miscellaneous	68,296	4,589	-	-	72,885
Total Cash Receipts	247,907	174,024	-	570,717	992,648
<b><u>CASH DISBURSEMENTS:</u></b>					
Current:					
Security of Persons and Property	354,025	4,097	-	-	358,122
Public Health Service	5,895	-	-	-	5,895
Leisure Time Activities	14,572	-	-	-	14,572
Community Environment	3,792	-	-	2,154	5,946
Transportation	-	215,452	-	-	215,452
General Government	153,974	625	-	5,463	160,062
Capital Outlay	13,073	22,334	99,300	-	134,707
Total Cash Disbursements	545,331	242,508	99,300	7,617	894,756
Receipts Over (Under) Disbursements	(297,424)	(68,484)	(99,300)	563,100	97,892
<b><u>OTHER FINANCING RECEIPTS (DISBURSEMENTS):</u></b>					
Transfers In	370,500	153,900	97,600	-	622,000
Transfers Out	-	-	(52,000)	(570,000)	(622,000)
Other Uses	-	-	-	(1,929)	(1,929)
Total Other Financing Receipts (Disbursements):	370,500	153,900	45,600	(571,929)	(1,929)
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	73,076	85,416	(53,700)	(8,829)	95,963
Fund Cash Balance - January 1, 2002	101,214	256,517	233,742	16,801	608,274
Fund Cash Balance - December 31, 2002	\$ 174,290	\$ 341,933	\$ 180,042	\$ 7,972	\$ 704,237

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

VILLAGE OF NAVARRE  
STARK COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY  
FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002

	PROPRIETARY FUND	FIDUCIARY FUND TYPES		TOTALS (MEMO- RANDUM ONLY)
	ENTERPRISE	NON- EXPENDABLE TRUST	AGENCY	
<b>OPERATING CASH RECEIPTS:</b>				
Charges for Services	\$ 1,008,535	\$ 1,775	\$ -	\$ 1,010,310
Total Operating Cash Receipts	1,008,535	1,775	-	1,010,310
<b>OPERATING CASH DISBURSEMENTS:</b>				
Personal Services	350,150	-	-	350,150
Contractual Services	133,175	-	-	133,175
Materials and Supplies	120,698	-	-	120,698
Capital Outlay	248,551	-	100	248,651
Total Operating Cash Disbursements	852,574	-	100	852,674
Operating Income (Loss)	155,961	1,775	(100)	157,636
<b>NONOPERATING CASH RECEIPTS:</b>				
Property Tax and Other Local Taxes	-	-	91,478	91,478
Earnings on Investments	6,910	-	4,044	10,954
Total Nonoperating Cash Receipts	6,910	-	95,522	102,432
<b>NONOPERATING CASH DISBURSEMENTS:</b>				
Debt Service	47,210	-	-	47,210
Total Nonoperating Cash Disbursements	47,210	-	-	47,210
Net Income (Loss) before Transfers	115,661	1,775	95,422	212,858
<b>OTHER FINANCING RECEIPTS (DISBURSEMENTS):</b>				
Transfers In	68,210	-	-	68,210
Transfers Out	(68,210)	-	-	(68,210)
Total Other Financing Receipts (Disbursements)	-	-	-	-
Net Income (Loss)	115,661	1,775	95,422	212,858
Fund Cash Balance - January 1, 2002	768,406	110,840	242,753	1,121,999
Fund Cash Balance - December 31, 2002	\$ 884,067	\$ 112,615	\$ 338,175	\$ 1,334,857

The notes to the financial statements is an integral part of this statement

VILLAGE OF NAVARRE  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Navarre, Stark County, (the Village) is a body politic and corporate established for the purpose of exercising 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 Village provides general government services, including sewer, EMT and fire services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Village of Navarre prepares its financial statements on a basis of accounting prescribed or permitted by the Ohio Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Consequently certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements by the Village under the basis of accounting used. This method of accounting is utilized in reporting to the State of Ohio but is not in accordance with generally accepted accounting principles. By virtue of Ohio law, the Village is required to maintain the encumbrance method of accounting and to make appropriations for budgetary funds.

VILLAGE OF NAVARRE  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. CASH AND INVESTMENTS

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the need of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

GOVERNMENTAL FUNDS

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds

To account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to disbursements for specified purposes. The Village has the following significant Special Revenue Funds:

*Street Construction, Maintenance, and Repair Fund* – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

VILLAGE OF NAVARRE  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds (Continued)

*NEDD Fund* – This fund receives a portion of income tax revenue which is used to pay for infrastructure projects.

Capital Projects Funds

To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds). The Village has the following significant Capital Projects Fund:

*Capital Projects Fund* – This fund receives a portion of income tax revenue which is used to pay for capital equipment purchases.

PROPRIETARY FUNDS

Enterprise Funds

To account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The Village has the following significant Enterprise Funds:

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

*Sanitary Sewer Fund* – This fund receives charges for services from residents to cover the cost of providing this utility.

VILLAGE OF NAVARRE  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

FIDUCIARY FUNDS (TRUST AND AGENCY FUNDS)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village has the following significant fiduciary funds:

*Income Tax Fund* – This expendable trust 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.

*JEDD Fund* – This agency fund receives a portion of income tax revenue which is used to facilitate economic development and to create and preserve jobs within the district.

E. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. On or about January 1 this certificate is amended to include any unencumbered balances from the preceding year.

VILLAGE OF NAVARRE  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETARY PROCESS (Continued)

Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 2002, unencumbered fund balances. However, those fund balances are available for appropriations.

3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

4. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. PROPERTY, PLANT, AND EQUIPMENT

Fixed assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these fixed assets.

VILLAGE OF NAVARRE  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund type eliminations have not been made in the aggregation of this data.

2. EQUITY IN CASH AND CASH EQUIVALENT INVESTMENTS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2003</u>	<u>2002</u>
Demand Deposits	\$ 67,587	\$ 306,370
Certificates of Deposit	<u>112,615</u>	<u>110,715</u>
Total Deposits	180,202	417,085
Repurchase Agreements	<u>1,970,841</u>	<u>1,622,009</u>
Total deposits and investments	<u>\$2,151,043</u>	<u>\$2,039,094</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio are not evidences by securities that exist in physical or book-entry form.

VILLAGE OF NAVARRE  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002, follows:

**2003 Budgeted vs. Actual Receipts:**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 628,182	\$ 558,910	\$ (69,272)
Special Revenue	325,650	348,025	22,375
Capital Projects	78,000	43,300	(34,700)
Enterprise	1,083,000	890,426	(192,574)
Fiduciary	<u>682,000</u>	<u>680,905</u>	<u>(1,095)</u>
Total	<u>\$2,796,832</u>	<u>\$2,521,566</u>	<u>\$ (275,266)</u>

**2003 Budgeted vs. Actual Budgetary Basis Expenditures:**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 802,463	\$ 598,239	\$ 204,224
Special Revenue	667,432	340,661	326,771
Capital Projects	241,210	41,824	199,386
Enterprise	1,961,057	866,050	1,095,007
Fiduciary	<u>1,140,763</u>	<u>562,843</u>	<u>577,920</u>
Total	<u>\$4,812,925</u>	<u>\$2,409,617</u>	<u>\$2,403,308</u>

VILLAGE OF NAVARRE  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

3. BUDGETARY ACTIVITY (Continued)

**2002 Budgeted vs. Actual Receipts:**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 642,787	\$ 618,407	\$ (24,380)
Special Revenue	312,450	327,924	15,474
Capital Projects	108,900	97,600	(11,300)
Enterprise	1,266,950	1,083,655	(183,295)
Fiduciary	<u>648,000</u>	<u>668,014</u>	<u>20,014</u>
Total	<u>\$2,979,087</u>	<u>\$2,795,600</u>	<u>\$(183,487)</u>

**2002 Budgeted vs. Actual Budgetary Basis Expenditures:**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 666,897	\$ 545,331	\$ 121,566
Special Revenue	568,966	242,508	326,458
Capital Projects	260,864	151,300	109,564
Enterprise	1,928,466	967,994	960,472
Fiduciary	<u>973,553</u>	<u>579,646</u>	<u>393,907</u>
Total	<u>\$4,398,746</u>	<u>\$2,486,779</u>	<u>\$1,911,967</u>

4. DEBT OBLIGATIONS

Debt outstanding at December 31, 2003 follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission	38,269	0.00%
Mortgage Revenue Bonds – Sewer	<u>225,000</u>	8.25%
Total	<u>\$ 263,269</u>	

VILLAGE OF NAVARRE  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

4. DEBT OBLIGATIONS (Continued)

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.

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

<u>Year Ending</u> <u>December 31</u>	<u>OPWC</u> <u>Loan</u>	<u>Mortgage</u> <u>Revenue</u> <u>Bonds</u>
2004	\$ 4,784	\$ 68,563
2005	4,784	69,438
2006	4,784	69,900
2007	4,784	64,950
2008	4,784	-
Subsequent	<u>14,349</u>	<u>-</u>
Total	<u>\$ 38,269</u>	<u>\$272,851</u>

5. PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2003 for Stark County.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. 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 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

VILLAGE OF NAVARRE  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

5. PROPERTY TAX (Continued)

Owners of tangible personal property are required to file a list of such property, including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

Real Property - 2003 Valuation	
Residential/Agricultural/Mineral	\$17,236,570
Commercial/Industrial	3,970,480
Public Utilities	9,150
Tangible Personal Property - 2003 Valuation	
General	3,749,171
Public Utilities	<u>835,050</u>
Total Valuation	<u>\$ 25,800,421</u>

The Stark County Treasurer collects property tax on behalf of all taxing districts within the county. The Stark County Auditor periodically remits to the taxing districts their portions of the taxes collected.

6. LOCAL INCOME TAX

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 FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

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 2003 and 2002, the Village contracted with private carriers for property and fleet insurance for the following:

- 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.

8. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

VILLAGE OF NAVARRE  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

9. DEBT SERVICE TRUSTEED FUNDS

The Sewer System Mortgage Revenue Bonds, Series 1987, debt agreement required the Village to establish a debt service fund to be maintained by a custodian bank. The Village has established this fund. At December 31, 2003, the custodian held \$ 69,900 in Village assets. These assets, and the related receipts and disbursements, are not reflected in the accompanying financial statements.

10. JOINT VENTURE

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

11. JOINTLY GOVERNED ORGANIZATIONS

A. Stark Council of Governments (Council) The Village participates in the Council which is a 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 over 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.

# Nagel, Weigand & Company, LLC

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of Council  
Village of Navarre  
Navarre, Ohio 44662

We have audited the financial statements of the Village of Navarre as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 21, 2004. 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.

### **Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determined of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurances on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving control over financial reporting and its operations that we considered to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Village in a separate letter dated May 21, 2004.

**Village of Navarre  
Stark County**

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

May 21, 2004

*Nagel, Weigand & Company, LLC*

VILLAGE OF NAVARRE  
STARK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2003 AND 2002

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Village of Navarre.
2. No reportable conditions were disclosed during the audit of the Village of Navarre's financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit of the financial statements.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None

VILLAGE OF NAVARRE  
STARK COUNTY

GENERAL COMMENTS  
DECEMBER 31, 2003 AND 2002

This report, including the citations and recommendations, was reviewed with and acknowledged by the following officials on May 21, 2004:

Robert Benson	Mayor
Mary Ann Heestand	Clerk-Treasurer

These officials were informed that they had five working days from the date of the post audit conference to respond to, or contest, in writing, the report contents. No such response was received.

Village personnel were cooperative and available for questions and assistance during regular working hours.





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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  
JULY 13, 2004**