



**VILLAGE OF MARTINSBURG  
KNOX COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 1999 - 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF MARTINSBURG  
KNOX COUNTY

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Martinsburg  
Knox County  
P.O. Box 68  
Martinsburg, Ohio 43037

To the Village Council:

We have audited the accompanying financial statements of the Village of Martinsburg, Knox County, Ohio, (the Village) as of and for the years ended December 31, 1999, and December 31, 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits provide 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 combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999, and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report date May 10, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in cursive script, appearing to read "Jim Petro".

**JIM PETRO**  
Auditor of State

May 10, 2000



**VILLAGE OF MARTINSBURG  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$6,718	\$0	\$6,718
Intergovernmental Receipts	17,566	8,929	26,495
Earnings on Investments	1,368	688	2,056
Miscellaneous	141	0	141
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	25,793	9,617	35,410
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	2,010	0	2,010
Public Health Services	1,077	0	1,077
Leisure Time Activities	2,206	0	2,206
Basic Utility Services	600	0	600
Transportation	1,027	8,772	9,799
General Government	19,759	0	19,759
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	26,679	8,772	35,451
Total Receipts Over/(Under) Disbursements	(886)	845	(41)
Fund Cash Balances January 1	18,629	21,650	40,279
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<b>Fund Cash Balances, December 31</b>	<b><u>\$17,743</u></b>	<b><u>\$22,495</u></b>	<b><u>\$40,238</u></b>
Reserve for Encumbrances, December 31	<u>\$1,063</u>	<u>\$38</u>	<u>\$1,101</u>

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

VILLAGE OF MARTINSBURG  
KNOX COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	<u>\$19,620</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	7,791
Contractual Services	6,357
Supplies and Materials	2,347
Travel Transportation	<u>139</u>
Total Operating Cash Disbursements	<u>16,634</u>
Operating Income/(Loss)	<u>2,986</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Cash Receipts	<u>103</u>
Net Receipts Over/(Under) Disbursements	3,089
Fund Cash Balance, January 1	<u>25,184</u>
<b>Fund Cash Balance, December 31</b>	<b><u><u>\$28,273</u></u></b>
Reserve for Encumbrances, December 31	<u><u>\$2,749</u></u>

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



**VILLAGE OF MARTINSBURG  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$4,515	\$0	\$4,515
Intergovernmental Receipts	18,251	8,996	27,247
Earnings on Investments	1,238	657	1,895
Miscellaneous	2,457	0	2,457
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	26,461	9,653	36,114
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	2,084	0	2,084
Public Health Services	839	0	839
Leisure Time Activities	1,745	0	1,745
Basic Utility Services	577	0	577
Transportation	1,417	521	1,938
General Government	22,117	0	22,117
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	28,779	521	29,300
Total Receipts Over/(Under) Disbursements	(2,318)	9,132	6,814
Fund Cash Balances January 1, 1998	20,947	12,518	33,465
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31, 1998</b>	<b><u>\$18,629</u></b>	<b><u>\$21,650</u></b>	<b><u>\$40,279</u></b>
Reserve for Encumbrances, December 31, 1998	<u>\$697</u>	<u>\$39</u>	<u>\$736</u>

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

VILLAGE OF MARTINSBURG  
KNOX COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	<u>\$21,401</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	6,392
Contractual Services	7,652
Supplies and Materials	345
Travel Transportation	<u>170</u>
Total Operating Cash Disbursements	<u>14,559</u>
Operating Income/(Loss)	<u>6,842</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Cash Receipts	<u>5,971</u>
Net Receipts Over/(Under) Disbursements	12,813
Fund Cash Balance, January 1	<u>12,371</u>
<b>Fund Cash Balance, December 31</b>	<b><u><u>\$25,184</u></u></b>
Reserve for Encumbrances, December 31	<u><u>\$1,348</u></u>

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

**VILLAGE OF MARTINSBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Martinsburg, Knox County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water utilities, and street maintenance.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

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

**2. Special Revenue Fund**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

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

**3. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Fund:

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

**VILLAGE OF MARTINSBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**E. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$ 68,511</u>	<u>\$ 65,463</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**VILLAGE OF MARTINSBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

**1999 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 23,155	\$ 25,793	\$ 2,638
Special Revenue	4,200	9,617	5,417
Enterprise	15,100	19,723	4,623
Total	<u>\$ 42,455</u>	<u>\$ 55,133</u>	<u>\$ 12,678</u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 28,561	\$ 27,742	\$ 819
Special Revenue	16,675	8,810	7,865
Enterprise	21,838	19,383	2,455
Total	<u>\$ 67,074</u>	<u>\$ 55,935</u>	<u>\$ 11,139</u>

**1998 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 23,022	\$ 26,461	\$ 3,439
Special Revenue	4,200	9,653	5,453
Enterprise	15,100	27,372	12,272
Total	<u>\$ 42,322</u>	<u>\$ 63,486</u>	<u>\$ 21,164</u>

**1998 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 32,399	\$ 29,476	\$ 2,923
Special Revenue	10,650	560	10,090
Enterprise	23,586	15,907	7,679
Total	<u>\$ 66,635</u>	<u>\$ 45,943</u>	<u>\$ 20,692</u>

**VILLAGE OF MARTINSBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**5. RETIREMENT SYSTEMS**

All employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**6. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL  
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Martinsburg  
Knox County  
P.O. Box 68  
Martinsburg, Ohio 43037

To the Village Council:

We have audited the accompanying financial statements of the Village of Martinsburg, Knox County, Ohio (the Village), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated May 10, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated May 10, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered 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 assurance 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 the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 10, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**JIM PETRO**  
Auditor of State

May 10, 2000





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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**VILLAGE OF MARTINSBURG**

**KNOX 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**  
**JUNE 27, 2000**