



**CITY OF MARTINS FERRY  
BELMONT COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2000**



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

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**STATE OF OHIO**



**CITY OF MARTINS FERRY  
BELMONT COUNTY**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

City of Martins Ferry  
Belmont County  
Fifth and Walnut Streets  
P.O. Box 386  
Martins Ferry, Ohio 43935

To Members of the City Council:

We have audited the accompanying general purpose financial statements of the City of Martins Ferry, Belmont County, Ohio (the City), as of and for the year ended December 31, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose 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.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Martins Ferry, Belmont County, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2001, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**Jim Petro**  
Auditor of State

June 15, 2001

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**CITY OF MARTINS FERRY**

Combined Balance Sheet  
All Fund Types and Account Groups

For the Year Ended December 31, 2000

	Governmental Fund Type			Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Agency	General Fixed Assets		General Long-Term Obligations
<b>ASSETS AND OTHER DEBITS</b>									
<b>Assets</b>									
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 324,409	\$ 0	\$ 7,391	\$ 488,991	\$ 0	\$ 0	\$ 0	\$ 820,791
Cash and Cash Equivalents In Segregated Accounts						910			910
With Fiscal Agents	0	0	131	0	0		0	0	131
Investments in Segregated Accounts	0	123,960	0	2,810,000	0	0	0	0	2,933,960
Receivables:									
Taxes	211,037	291,045	0	0	0	0	0	0	502,082
Accounts	38,797	12,722	0	0	219,316	0	0	0	270,835
Intergovernmental	107,270	30,369	0	0	0	0	0	0	137,639
Accrued Interest	22,681	2,481	0	0	0	0	0	0	25,162
Mortgage Loans	0	0	0	135,671	0	0	0	0	135,671
Interfund	25,104	0	0	18,734	0	0	0	0	43,838
Advance To Other Funds	0	0	0	105,000	0	0	0	0	105,000
Materials and Supplies Inventory	564	1,708	0	0	45,033	0	0	0	47,305
Restricted Assets:									
Equity in Pooled Cash and Cash Equivalents	0	0	0	0	6,424	0	0	0	6,424
Fixed Assets(Net, where applicable, of Accumulated Depreciation)	0	0	0	0	9,847,070	0	5,881,800	0	15,728,870
<b>Other Debits</b>									
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0	0	0	0	319,359	319,359
<b>Total Assets and Other Debits</b>	<b>\$ 405,453</b>	<b>\$ 786,694</b>	<b>\$ 131</b>	<b>\$ 3,076,796</b>	<b>\$ 10,606,834</b>	<b>\$ 910</b>	<b>\$ 5,881,800</b>	<b>\$ 319,359</b>	<b>21,077,977</b>

**CITY OF MARTINS FERRY**

Combined Balance Sheet  
All Fund Types and Account Groups

For the Year Ended December 31, 2000

	Governmental Fund Type			Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Agency	General Fixed Assets		General Long-Term Obligations
<b>LIABILITIES AND FUND EQUITY</b>									
<b>Liabilities</b>									
Accounts Payable	\$ 18,728	\$ 5,907	\$ 0	\$ 62	\$ 25,764	\$ 0	\$ 0	\$ 0	\$ 50,461
Contracts Payable	0	7,855	0	0	63,044	0	0	0	70,899
Accrued Wages	23,951	9,388	0	0	38,913	0	0	0	72,252
Compensated Absences Payable	9,429	6,183	0	0	105,930	0	0	11,262	132,804
Interfund Payable	0	30,843	0	12,995	0	0	0	0	43,838
Advance From Other Funds	105,000	0	0	0	0	0	0	0	105,000
Intergovernmental Payable	39,112	12,192	0	0	59,396	0	0	24,783	135,483
Deferred Revenue	219,714	291,045	0	0	0	0	0	0	510,759
Undistributed Monies	0	0	0	0	0	910	0	0	910
Matured Interest Payable	0	0	131	0	0	0	0	0	131
Accrued Interest Payable	0	33,067	0	0	3,318	0	0	0	36,385
Notes Payable	0	964,000	0	0	117,000	0	0	0	1,081,000
Payable from Restricted Assets:									
Customer Deposits	0	0	0	0	6,424	0	0	0	6,424
Police and Fire Pension Liability	0	0	0	0	0	0	0	211,314	211,314
OWDA Loans Payable	0	0	0	0	9,030,528	0	0	0	9,030,528
General Obligation Bonds Payable	0	0	0	0	0	0	0	72,000	72,000
<b>Total Liabilities</b>	<b>415,934</b>	<b>1,360,480</b>	<b>131</b>	<b>13,057</b>	<b>9,450,317</b>	<b>910</b>	<b>0</b>	<b>319,359</b>	<b>11,560,188</b>
<b>Fund Equity and Other Credits</b>									
Investment in General Fixed Assets	0	0	0	0	0	0	5,881,800	0	5,881,800
Contributed Capital	0	0	0	0	436,775	0	0	0	436,775
Retained Earnings	0	0	0	0	719,742	0	0	0	719,742
Fund Balance:									
Reserved for Encumbrances	8,002	4,516	0	100	0	0	0	0	12,618
Reserved for Advances	0	0	0	105,000	0	0	0	0	105,000
Reserved for Inventory	564	1,708	0	0	0	0	0	0	2,272
Unreserved, Undesignated	(19,047)	(580,010)	0	2,958,639	0	0	0	0	2,359,582
<b>Total Fund Equity (Deficit) and Other Credits</b>	<b>(10,481)</b>	<b>(573,786)</b>	<b>0</b>	<b>3,063,739</b>	<b>1,156,517</b>	<b>0</b>	<b>5,881,800</b>	<b>0</b>	<b>9,517,789</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$ 405,453</b>	<b>\$ 786,694</b>	<b>\$ 131</b>	<b>\$ 3,076,796</b>	<b>\$ 10,606,834</b>	<b>\$ 910</b>	<b>\$ 5,881,800</b>	<b>\$ 319,359</b>	<b>21,077,977</b>

See accompanying notes to the Financial Statements.



**CITY OF MARTINS FERRY**

Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
All Governmental Fund Types

For the Year Ended December 31, 2000

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b><u>Revenues</u></b>				
Taxes	\$ 176,880	\$ 247,494	\$ 0	\$ 424,374
Charges for Services	118,085	62,988	0	181,073
Fines, Licenses and Permits	84,992	27,119	0	112,111
Intergovernmental	496,103	669,287	50,732	1,216,122
Interest	232,657	3,622	6,467	242,746
Other	25,394	25,367	2,746	53,507
<b>Total Revenues</b>	<u>1,134,111</u>	<u>1,035,877</u>	<u>59,945</u>	<u>2,229,933</u>
<b><u>Expenditures</u></b>				
Current:				
General Government	314,932	5,906	0	320,838
Security of Persons and Property	742,457	145,634	0	888,091
Public Health Services	52,019	81,662	0	133,681
Transportation	0	298,462	0	298,462
Community Environment	0	276,199	16,803	293,002
Leisure Time Activities	28,832	19,456	0	48,288
Capital Outlay	0	0	63,481	63,481
Debt Service:				
Principal Retirement	5,641	2,670	0	8,311
Interest and Fiscal Charges	155	56,455	0	56,610
<b>Total Expenditures</b>	<u>1,144,036</u>	<u>886,444</u>	<u>80,284</u>	<u>2,110,764</u>
Excess of Revenues Over (Under) Expenditures	(9,925)	149,433	(20,339)	119,169
<b><u>Other Financing Sources (Uses)</u></b>				
Operating Transfers In	0	67,760	33	67,793
Operating Transfers Out	(24,972)	(41,526)	(1,422)	(67,920)
<b>Total Other Financing Sources (Uses)</b>	<u>(24,972)</u>	<u>26,234</u>	<u>(1,389)</u>	<u>(127)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(34,897)	175,667	(21,728)	119,042
Fund Balances (Deficit) at Beginning Of Year	25,486	(742,172)	3,085,467	2,368,781
(Decrease) in Reserve for Inventory	(1,070)	(7,281)	0	(8,351)
<b>Fund Balance (Deficit) at End of Year</b>	<u>\$ (10,481)</u>	<u>\$ (573,786)</u>	<u>\$ 3,063,739</u>	<u>\$ 2,479,472</u>

See accompanying notes to the Financial Statements.

**CITY OF MARTINS FERRY**

Combined Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)  
 All Governmental Fund Types

For the Year Ended December 31, 2000

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$ 220,460	\$ 176,880	\$ (43,580)	\$ 227,579	\$ 247,494	\$ 19,915
Charges for Services	96,614	118,085	21,471	35,620	50,266	14,646
Fines, Fees, and Permits	72,195	80,120	7,925	29,443	27,119	(2,324)
Intergovernmental	469,117	468,013	(1,104)	931,978	675,707	(256,271)
Special Assessments	0	0	0	0	0	0
Interest	206,000	231,023	25,023	1,141	1,141	0
Mortgage Loans	0	0	0	1,422	1,422	0
Other	27,043	25,394	(1,649)	20,267	18,669	(1,598)
<b>Total Revenues</b>	<b>1,091,429</b>	<b>1,099,515</b>	<b>8,086</b>	<b>1,247,450</b>	<b>1,021,818</b>	<b>(225,632)</b>
<b>Expenditures:</b>						
Current:						
General Government	320,212	317,667	2,544	6,074	5,806	268
Security of Persons and Property	724,785	717,315	7,470	215,262	161,527	53,735
Public Health and Welfare	53,105	52,673	432	85,848	80,369	5,479
Transportation	0	0	0	357,015	345,986	11,029
Community Environment	0	0	0	619,405	280,165	339,240
Leisure Time Activities	29,234	28,832	402	21,499	19,746	1,753
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	5,641	5,641	0	1,036,000	1,024,000	12,000
Interest and Fiscal Charges	155	155	0	37,808	37,728	80
<b>Total Expenditures</b>	<b>1,133,131</b>	<b>1,122,283</b>	<b>10,848</b>	<b>2,378,911</b>	<b>1,955,327</b>	<b>423,584</b>
Excess of Revenue Over (Under) Expenditures	(41,702)	(22,768)	18,934	(1,131,461)	(933,509)	197,952
<b>Other Financing Sources (Uses):</b>						
Note Proceeds	0	0	0	960,000	964,000	4,000
Advances In	0	50,000	50,000	0	0	0
Advances Out	0	0	0	0	0	0
Operating Transfers In	0	0	0	27,800	24,812	(2,988)
Operating Transfers Out	(24,972)	(24,972)	0	0	0	0
<b>Other Financing Sources (Uses)</b>	<b>(24,972)</b>	<b>25,028</b>	<b>50,000</b>	<b>987,800</b>	<b>988,812</b>	<b>1,012</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(66,674)	2,260	68,934	(143,661)	55,303	198,964
Fund Balance at Beginning of Year	13,256	13,256	0	339,457	339,457	0
Prior Year's Encumbrances Appropriated	1,344	1,344	0	8,466	8,466	0
<b>Fund Balances at End of Year</b>	<b>\$ (52,074)</b>	<b>\$ 16,860</b>	<b>\$ 68,934</b>	<b>\$ 204,262</b>	<b>\$ 403,226</b>	<b>\$ 198,964</b>

See accompanying notes to the Financial Statements.

**CITY OF MARTINS FERRY**

Combined Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)  
 All Governmental Fund Types

For the Year Ended December 31, 2000

	<b>Capital Project Funds</b>			<b>Totals (Memorandum Only)</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>						
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 448,039	\$ 424,374	\$ (23,665)
Charges for Services	0	0	0	132,234	168,351	36,117
Fines, Fees, and Permits	0	0	0	101,638	107,239	5,601
Intergovernmental	55,671	50,732	(4,939)	1,456,766	1,194,452	(262,314)
Special Assessments	350	0	(350)	350	0	(350)
Interest	6,767	6,467	(300)	213,908	238,631	24,723
Mortgage Loans	15,793	8,059	(7,734)	17,215	9,481	(7,734)
Other	2,440	3,683	1,243	49,750	47,746	(2,004)
<b>Total Revenues</b>	<b>81,021</b>	<b>68,941</b>	<b>(12,080)</b>	<b>2,419,900</b>	<b>2,190,274</b>	<b>(229,626)</b>
<b>Expenditures:</b>						
Current:						
General Government	0	0	0	326,286	323,473	2,812
Security of Persons and Property	0	0	0	940,047	878,842	61,205
Public Health and Welfare	0	0	0	138,953	133,042	5,911
Transportation	0	0	0	357,015	345,986	11,029
Community Environment	30,715	16,841	13,874	650,120	297,006	353,114
Leisure Time Activities	0	0	0	50,733	48,578	2,155
Capital Outlay	57,593	50,976	6,617	57,593	50,976	6,617
Debt Service:						
Principal Retirement	0	0	0	1,041,641	1,029,641	12,000
Interest and Fiscal Charges	0	0	0	37,963	37,883	80
<b>Total Expenditures</b>	<b>88,308</b>	<b>67,817</b>	<b>20,491</b>	<b>3,600,350</b>	<b>3,145,427</b>	<b>454,923</b>
Excess of Revenue Over (Under) Expenditures	(7,287)	1,124	8,411	(1,180,450)	(955,153)	(229,297)
<b>Other Financing Sources (Uses):</b>						
Note Proceeds	0	0	0	960,000	964,000	4,000
Advances In	50,000	57,321	7,321	50,000	107,321	57,321
Advances Out	(105,000)	(50,000)	55,000	(105,000)	(50,000)	55,000
Operating Transfers In	0	33	33	27,800	24,845	(2,955)
Operating Transfers Out	0	0	0	(24,972)	(24,972)	0
<b>Other Financing Sources (Uses)</b>	<b>(55,000)</b>	<b>7,354</b>	<b>62,354</b>	<b>907,828</b>	<b>1,021,194</b>	<b>113,366</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(62,287)	8,478	70,765	(272,622)	66,041	338,663
Fund Balance at Beginning of Year	2,799,713	2,799,713	0	3,152,426	3,152,426	0
Prior Year's Encumbrances Appropriated	14,839	14,839	0	24,649	24,649	0
<b>Fund Balances at End of Year</b>	<b>\$ 2,752,265</b>	<b>\$ 2,823,030</b>	<b>\$ 70,765</b>	<b>\$ 2,904,453</b>	<b>\$ 3,243,116</b>	<b>\$ 338,663</b>

See accompanying notes to the Financial Statements.

**CITY OF MARTINS FERRY**

Combined Statement of Revenues, Expenses,  
and Changes in Fund Equity  
All Proprietary Fund Types

For the Year Ended December 31, 2000

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Revenue</b>	
Charges for Services	\$ 3,156,266
Tap in Fees	3,875
Fines, Licenses, and Permits	21,556
Other Revenue	23,924
	<hr/>
<b>Total Operating Revenues</b>	3,205,621
<b>Operating Expenses</b>	
Personal Services	1,310,448
Contractual Service	761,628
Materials and Supplies	287,220
Depreciation	464,864
	<hr/>
<b>Total Operating Expenses</b>	2,824,160
Operating Income	<hr/> 381,461
<b>Non-Operating Revenues (Expenses):</b>	
Other Non-Operating Expenses	(207)
Interest and Fiscal Charges	(200,065)
	<hr/>
<b>Total Non-Operating Revenues (Expense)</b>	(200,272)
Income Before Operating Transfers	181,189
Operating Transfer In	<hr/> 127
Total Transfers In	<hr/> 127
Net Income	181,316
Depreciation on Fixed Assets Acquired by Contributed Capital	12,977
Retained Earnings at Beginning of Year	<hr/> 525,449
<b>Retained Earnings at End of Year</b>	719,742
Contributed Capital at Beginning of Year	449,752
Depreciation on Fixed Assets Acquired by Contributed Capital	<hr/> (12,977)
<b>Contributed Capital at End of Year</b>	<hr/> 436,775
<b>Fund Equity at Year of End</b>	<hr/> <hr/> \$ 1,156,517

See accompanying notes to the Financial Statements.

**CITY OF MARTINS FERRY**

Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 For the Year Ended December 31, 2000

	<u>Enterprise</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</b>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$ 3,175,310
Cash Payments for Employee Services and Benefits	(1,317,650)
Cash Payments to Suppliers for Goods and Services	(1,060,665)
Other Operating Receipts	23,924
<b>Net Cash Provided by Operating Activities</b>	<u>820,919</u>
<u>Cash Flows from Non-Capital and Related Financing Activities:</u>	
Other Non-Operating Revenues	457
Other Non-Operating Expenses	(1,129)
Advances Out	(57,321)
Operating Transfers In	127
<b>Net Cash Used In Non-Capital and Related Financing Activities</b>	<u>(57,866)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Proceeds from Sale of Notes	117,000
Principal Paid on OWDA Loan	(343,888)
Interest Paid on OWDA Loan	(187,756)
Principal Paid on Notes	(197,000)
Interest Paid on Notes	(9,964)
Interest Paid on Bonds	(2,655)
<b>Net Cash (Used) in Capital and Related Financing Activities</b>	<u>(624,263)</u>
Net Increase in Cash and Cash Equivalents	138,790
Cash and Cash Equivalents at Beginning of Year	<u>356,625</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 495,415</u></u>
<u>Reconciliation of Operating Income to</u>	
<u>Net Cash Provided by Operating Activities:</u>	
Operating Income	\$ 381,461
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities:	
Depreciation	464,864
Change in Assets and Liabilities:	
Increase in Accounts Receivable	(6,387)
Decrease in Materials and Supplies Inventory	207
Decrease in Accounts Payable	(5,064)
Increase in Accrued Wages	1,174
Decrease in Compensated Absences Payable	(50,089)
Increase in Intergovernmental Payable	34,753
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 820,919</u></u>

See accompanying notes to the Financial Statements.

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**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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**NOTE 1: REPORTING ENTITY AND BASIS OF PRESENTATION**

The City of Martins Ferry (the "City") is a home rule municipal corporation organized under the laws of the State of Ohio which operates under its own charter. The City is located in Belmont County, in Eastern Ohio, on the Ohio River and is the largest city in Belmont County. The City became a settlement in 1835 and was chartered as a city in 1865. Martins Ferry has a land area of 4,352 square acres and a 2000 census population of 7,226.

The City operates under a Mayor/Council form of government. Legislative power is vested in an eight member Council, each elected for two year terms, and other elected officials that include a Mayor, Auditor, Treasurer, and Law Director. The Mayor appoints the department directors and public members of various boards and commissions.

**A. Reporting Entity**

The City utilizes the standards of Governmental Accounting Standards Board Statement 14 for determining the reporting entity.

The financial reporting entity consists of a) the primary government, b) component units, which are legally separate organizations which are fiscally dependent on the City or for which the City is financially accountable, and c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. No separate government units meet the criteria for inclusion as a component unit.

The City provides various services including police and fire protection, emergency medical, recreation (including parks), planning, zoning, street maintenance and repair, water and water pollution control, sanitation, and general administrative services. The operation of each of these activities is directly controlled by the Council through the budgetary process. These City operations form the legal entity of the City and are included as part of the primary government.

The City is involved with the Belmont Metropolitan Housing Authority, Eastern Ohio Regional Transit Authority, Ohio Mid-Eastern Governments Association, Jefferson-Belmont Joint Solid Waste Authority, Belmont County Sewer Authority, and Bel-O-Mar Regional Council which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 19.

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 1: REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

B. Basis of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

**Governmental Fund Types:**

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

General Fund - This fund is the operating fund of the City and 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 City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal and interest.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).



**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 1:     REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

B.     Basis of Presentation - Fund Accounting (Continued)

**Proprietary Fund Type:**

Proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The following is the City's proprietary fund type:

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Fiduciary Fund Type:**

Fiduciary funds are used to account for the assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments units, and/or other funds. The following is the City's fiduciary fund:

Agency Fund – These funds are purely custodial and thus do not involve measurement of results of operations.

**Account Groups:**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - to account for all general fixed assets of the City other than those accounted for in proprietary funds.

General Long-Term Obligations Account Group - to account for all unmatured long-term indebtedness of the City that is not a specific liability of the proprietary funds.

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is typically segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, state-levied locally shared taxes (including gasoline tax), and fines and forfeitures.

The City reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 2000, whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue.

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Measurement Focus and Basis of Accounting (Continued)

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized when they are earned and become measurable and expenses are recognized when they are incurred, if measurable.

Under the guidelines of Governmental Accounting Standards Board (GASB) Statement Number 20, "Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that Use Proprietary Fund Accounting", the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, to proprietary activities.

B. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. 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 certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department. Any budgetary modifications at this level may only be made by resolution of the City Council. The City has elected to report budgetary comparisons for governmental fund types only in accordance with GASB codification section 2400.

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Budget:

During the first Council meeting in July, the Mayor presents the annual operating budget for the following fiscal year to City Council for consideration and passage. The adopted budget 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.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the City Auditor determines, and the Budget Commission agrees that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2000.

Appropriations:

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of Council. During the year, several supplemental appropriation measures were passed. None of these supplemental appropriations had any significant affect on the original appropriations. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and need not be reappropriated.

C. Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" and "Restricted Assets: Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During 2000, investments were limited to certificates of deposit, sweep account repurchase agreements, Federal Home Loan Bank Bonds, and Federal Home Loan Mortgage Corporation Debenture Bonds. These investments are stated at cost or amortized cost which approximates market. Investment procedures are restricted by the provisions of the Ohio Revised Code.

Following Ohio statutes, the City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during the year 2000 amounted to \$232,657, which includes \$229,434 assigned from other City funds.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agents" and represent deposits or short-term investments in certificates of deposit. See Note 5, Deposits and Investments.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an original maturity of more than three months are reported as investments.

The Police Pension and the Street Construction Capital Project Fund have made disbursements in excess of its equity interest in the cash management pool. The amount of this excess is reported as a liability to the General Fund and Home Mortgage Fund, respectively.

D. Restricted Assets

Restricted assets in the Enterprise Fund represent cash and cash equivalents set aside to refund utility customers' security deposits.

E. Receivables

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.

F. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

G. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund type when used. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective funds.

All purchased fixed assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the useful lives of the related fixed assets.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the City.

Assets in the general fixed assets account group are not depreciated. Depreciation in the proprietary fund types is computed using the straight-line method over the following useful lives:

Buildings	40-50 years
Improvements other than Buildings	10-40 years
Machinery and Equipment	6-10 years
Furniture and Fixtures	6-10 years
Vehicles	5 years

I. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for goods received or services provided are classified as "due from other funds" or "due to other funds" on the balance sheet.

Short-term interfund loans or the short-term portion of advances are classified as "interfund receivables/payables".

Advances to and advances from governmental funds represent noncurrent portions of interfund receivables and payables. The governmental fund making the advance establishes a fund balance reserve equal to the amount of the advance.

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources.

However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the City's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

K. Compensated Absences

GASB Statement 16, Accounting for Compensated Absences, specifies the methods used to accrue liabilities for leave benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employee for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the City's termination policy.



**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

For governmental funds, the City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The City records a liability for accumulated unused sick leave for employees after ten years of service. The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the proprietary funds the entire amount of compensated absences is reported as a fund liability.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Fund Balance Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Fund balances are reserved for encumbrances and inventories of materials and supplies.

N. Contributed Capital

Contributed capital represents resources provided to the enterprise funds from other funds, other governments, and private sources that is not subject to repayment. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end except for depreciation on assets acquired through federal and state grants, which is expensed and closed to contributed capital at year end. These assets are recorded at their fair market value on the date of contribution.

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Because the City had not prepared financial statements in accordance with generally accepted accounting principles prior to 1992, the exact amount of contributed capital at December 31, 1991 could not be determined. Consequently, only those amounts that have been able to be identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the proprietary funds have been classified as retained earnings.

O. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and shared revenues, are recorded as receivables and revenues when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants, entitlements or shared revenues received for proprietary fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3: BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements, appropriations and encumbrances.

The Combined Statement of Revenues, Expenditures and Changes In Fund Balances - Budget and Actual (Non-GAAP Basis) - All Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

NOTE 3: BUDGETARY BASIS OF ACCOUNTING (Continued)

2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance.
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types

	General	Special Revenue	Capital Projects
GAAP Basis	\$ (34,897)	\$ 175,667	\$ (21,728)
Net adjustments for			
revenue accruals	(34,596)	(14,059)	8,996
Proceeds of notes	0	964,000	0
Advances in	50,000	0	57,321
Operating transfers in	0	(42,948)	0
Advances out	0	0	(50,000)
Operating transfers out	0	41,526	1,422
Net adjustments for			
expenditure accruals	29,997	(58,678)	12,567
Debt principal retirement	0	(1,021,330)	0
Debt interest payment	0	18,727	0
Encumbrances	(8,244)	(7,602)	(100)
Budget basis	\$ 2,260	\$ 55,303	\$ 8,478

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 4: ACCOUNTABILITY AND COMPLIANCE

A. Fund Deficits

The following fund types had a deficit fund balance in accordance with generally accepted accounting principles:

General Fund	\$ 10,481
Special Revenue Fund Types:	
City Permissive Tax Fund	50,559
Fire Apparatus III Fund	<u>860,960</u>
	<u>                    </u>
	<u>                    </u>

The Police Pension Special Revenue Fund and Street Construction Capital Projects Fund had deficit balances of \$30,843 and, \$13,416 respectively, due to deficit cash balances that resulted from expenditures exceeding revenues in prior years. The deficits will be eliminated by property tax receipts.

The General Fund and Home Mortgage Capital Projects Fund provides transfers to cover deficit balances, however, this is done when cash is needed rather than when accruals occur.

B. Legal Compliance

The City did not obtain prior certification of the Auditor for disbursements, contrary to Ohio Rev. Code Section 5705.41(D).

The City had appropriations in excess of the amount certified as available by the Budget Commission, contrary to Ohio Rev. Code Section 5705.39.

NOTE 5: DEPOSITS AND INVESTMENTS

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

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

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

Inactive deposits are public deposits that the City has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities 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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

6. The State Treasurer's investment pool (STAR Ohio), and;
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

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 City, 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

During fiscal year 2000, the City's investments were limited to federal home loan mortgage corporation debentures, an overnight sweep account repurchase agreement, Federal Home Loan Bank Bonds, and Certificates of Deposit.

Cash on Hand. At year end, the City had \$225 in undeposited cash on hand which is included on the balance sheet of the City as part of "equity in pooled cash and cash equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits. At year-end, the carrying amount of the City's deposits was \$1,901,087, and the bank balance was \$1,980,020. Of the bank balance:

1. \$200,000 was covered by federal depository insurance.
2. \$1,780,020 was uninsured and uncollateralized. Although the collateral for the securities was held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements would potentially subject the City to a successful claim by the FDIC.

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

Investments. City investments are required to be categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name.

	<u>Category</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Repurchase Agreement	\$ 0	\$ 0	\$ 800,773	\$ 800,773	\$ 800,773
Federal Home Loan Mortgage Corporation Debenture	0	1,060,000	0	<u>1,060,000</u>	<u>1,060,000</u>
				<u>\$ 1,860,773</u>	<u>\$ 1,860,773</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statements No. 9. Cash and cash equivalents are defined to include investments with original maturities of three months or less.

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>
GASB Statement 9	\$ 828,256	\$ 2,933,960
Deposit with fiscal agent	(131)	
Cash on hand	(225)	
Certificates of deposit with maturities of greater than 3 months	1,873,960	(1,873,960)
Repurchase Agreement	<u>(800,773)</u>	<u>800,773</u>
GASB Statement 3	<u>\$ 1,901,087</u>	<u>\$ 1,860,773</u>

NOTE 6: RESTRICTED ASSETS

The City is reporting "Restricted Assets: Equity in Pooled Cash and Cash Equivalents" in the amount of \$6,424 for the amount of water and sanitation customer deposits.

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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**NOTE 7: PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property, and tangible personal (used in business) property located in the City. Real property taxes were levied after October 1, 1999 on the assessed value as of January 1, 1999, the lien date, and were collected in 2000. Assessed values for real property are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes received in 2000 attached as a lien on December 31, 1999, were levied after October 1, 1999 and are collected with real property taxes. Public utility property taxes are assessed on tangible personal property at 88% of true value. 2000 tangible personal property taxes are levied after October 1, 1999, on the value listed as of December 31, 1999 and are collected in 2000. Tangible personal property assessments are 25% of true value.

The assessed value upon which the 1999 taxes were collected was \$69,654,090. Real estate represented 63% (\$44,301,950) of this total, tangible personal property represented 28% (\$19,979,290), and public utilities tangible personal property represented 9% (\$5,372,850). The full tax rate for all City operations applied to taxable property for the year ended December 31, 2000 was \$8.60 per \$1,000 of assessed valuation.

Real and public utility property taxes are payable annually or semi-annually. If paid annually, payment is due February 20. If paid semi-annually, the first payment is due February 20, with the remainder payable by July 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due October 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by October 20.

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which became measurable as of December 31, 2000. Total property tax collections for the next fiscal year are measurable amounts, however, since these tax collections will not be received during the available period nor are they intended to finance 2000 operations, the receivable is offset by a credit to deferred revenue.



**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 8: RECEIVABLES

Receivables at December 31, 2000 consisted of taxes, accounts (billings for user charged services), mortgage loans, interest and intergovernmental receivables arising from entitlements and shared revenues. All receivables are deemed collectible in full.

The capital projects funds reflect mortgage loans receivable of \$135,671. These mortgage loans receivable are for financing of the sale of City property to individuals as a home mortgage. The mortgages bear interest at annual rates between five and seven percent. The mortgages are to be repaid over periods ranging from five to thirty years.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<u>Intergovernmental Receivables:</u>	
General Fund:	
Estate tax	\$ 34,707
Undivided local government tax	<u>72,563</u>
Total General Fund	107,270
Special Revenue Funds:	
Gasoline tax	25,096
Motor vehicle license	3,119
City permissive tax	<u>2,154</u>
Total Special Revenue Funds	<u>30,369</u>
Total - All Funds	<u>\$ 137,639</u>

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
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**NOTE 9: FIXED ASSETS AND DEPRECIATION**

A summary of the enterprise funds' property, plant and equipment at December 31, 2000 follows:

Land	\$	158,570
Buildings		5,909,462
Improvements other than buildings		1,341,267
Machinery and Equipment		6,507,694
Furniture and Fixtures		166,511
Vehicles		<u>769,656</u>
 Total		 14,853,160
Less: Accumulated Depreciation		<u>(5,006,090)</u>
 Net Fixed Assets		 <u>\$ 9,847,070</u>

The City reclassified some general fixed assets in 2000. Therefore, the January 1, 2000 balances are restated below to reflect the changes:

	Balance	Reclassifi-	Restated	Additions	Reductions	Balance
	<u>12/31/1999</u>	<u>cation</u>	<u>Balance</u>			<u>12/31/2000</u>
			<u>01/01/2000</u>			
Land	\$ 860,641	\$ 0	\$ 860,641	\$ 0	\$ 0	\$ 860,641
Buildings	1,681,400	0	1,681,400	0	(58,740)	1,622,660
Improvements other than buildings	731,514	30,865	762,379	13,779	0	776,158
Machinery and equipment	250,108	(36,971)	213,137	0	0	213,137
Furniture and fixtures	160,213	(8,756)	151,457	620	0	152,077
Vehicles	<u>2,297,988</u>	<u>14,862</u>	<u>2,312,850</u>	<u>0</u>	<u>(55,723)</u>	<u>2,257,127</u>
 Total	 <u>\$ 5,981,864</u>	 <u>\$ 0</u>	 <u>\$ 5,981,864</u>	 <u>\$ 14,399</u>	 <u>\$ (114,463)</u>	 <u>\$ 5,881,800</u>

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 10: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City contracts with Cook Insurance Company for package/umbrella (general liability), health department, officials, police and dwelling insurance. Each of these insurance policies has a \$1,000,000 limit and a \$1,000 deductible. There was no reduction in insurance coverage from coverage in the prior year. Also, insurance was sufficient to cover settlements in 1998, 1999 and 2000.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs to provide coverage to employees for job related injuries.

NOTE 11: DEFINED BENEFIT PENSION PLANS

A. *Public Employees Retirement System (PERS)*

All City employees, except non-administrative, full-time uniformed police officers and firemen participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Plan members, other than those engaged in law enforcement, are required to contribute 8.5% of their annual covered salary to fund pension obligations. For calendar year 2000 PERS instituted a temporary employer contribution rate rollback for state and local governments. The 2000 employer pension contribution for the City was 6.54% of covered payroll, reduced from 9.35% in 1999. The City's required contributions to PERS for the years ended December 31, 2000, 1999 and 1998 were \$160,618, \$190,429 and \$180,930, respectively. The full amount has been contributed for 1999 and 1998. 92% has been contributed for 2000 with the remainder being reported as a fund liability.

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 11: DEFINED BENEFIT PENSION PLANS (Continued)

*B. Ohio Police and Fire Pension Fund (OP&F)*

The City of Martins Ferry contributes to the Ohio Police and Fire Pension Fund (the "Fund"), a cost sharing multiple employer public employee retirement system administered by the Fund's Board of Trustees. The *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 Police and Fire Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215-5164.

Police are required to contribute 10.0% of their annual covered salary to fund pension obligations and the City is required to contribute 12.25% for police officers. For 1999, the City's contribution was 12.5% percent for police officers. The City has no firefighters. Contributions are authorized by state statute. The City's contributions to the *OP&F* for the year ended December 31, 2000, 1999, and 1998 were \$68,271, \$67,944, and \$73,247, respectively, equal to the required contributions for each year. The full amount has been contributed for 1999 and 1998 and 71% has been contributed for 2000 with the remainder being reported as a liability within the general long-term obligations account group.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. As of December 31, 2000, the unfunded liability of the City was \$211,314, payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary. The liability is reported in the general long-term obligations account group.

NOTE 12: POSTEMPLOYMENT BENEFITS

*A. Public Employees Retirement System*

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by state statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll: 4.20 percent was the portion that was used to fund health care.

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 12: POSTEMPLOYMENT BENEFITS (Continued)

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75%, an annual increase in active employee total payroll of 4.75% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54% and 5.1% based on additional annual pay increases. Health care premiums were assumed to increase 4.75% annually.

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

The number of active contributing participants was 401,339. The City's actual contributions for 2000 which were used to fund post employment benefits were \$63,717. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12, 473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

*B. Ohio Police and Fire Pension Fund (OP&F)*

The Ohio Police and Firemen's Disability and Pension Fund ("*OP&F*") provides post retirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 12: POSTEMPLOYMENT BENEFITS (Continued)

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care cost paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.25% of covered payroll was applied to the postemployment health care program during 2000. For 1999 the percent used to fund health care was 7 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2000 that were used to fund post employment benefits were \$25,317 for police. The *OP&F's* total health care expenses for the year ended December 31, 1999, (the latest information available) was \$95,004,633, which was net of member contributions of \$5,518,098. The number of participants eligible to receive health care benefits as of December 31, 1999 was 12,467 for police and 9,807 for firefighters.

C. *Social Security System*

Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose social security or the appropriate state system. As of December 31, 2000, no City employees have elected social security.

NOTE 13: OTHER EMPLOYEE BENEFITS

The City provides life insurance and accidental death and dismemberment insurance to all union employees as well as all non-union full-time employees, excluding elected officials. The amount of the life insurance policy for the union employees is based on the employee's rate of pay while the police receive a \$20,000 policy and all City supervisors receive an \$8,000 policy.

The City contracts with a local Health Management Organization, Advantage Health Plan, for hospitalization insurance for all employees and elected officials. The City pays 100% of the total monthly premiums of \$530.48 for family coverage and \$198.83 for individual coverage. Premiums are paid from the same funds that pay the employees' salaries.

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

NOTE 13: OTHER EMPLOYEE BENEFITS (Continued)

The City contracts with Delta Dental for dental insurance for all supervisors and police. The City pays 100% of the total monthly premiums of \$62.54 for family coverage, \$38.67 for employees with only one dependent, and \$20.34 for single coverage. Premiums are paid from the same funds that pay the employees' salaries. The City contracts with Ohio AFSCME Care Plan for dental insurance for all union employees. The City pays 100% of the total monthly premiums of \$26.00 per union employee. Premiums are paid from the same funds that pay the employees' salaries.

NOTE 14: COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn vacation and sick leave at different rates depending upon length of service and type of employment. Vacation leave benefits are lost at year end if employees do not use these balances during the year unless prior approval has been obtained from the department head. Upon retirement or death, employees are paid to a maximum of 480 hours for accumulated unused sick leave. Police are paid upon retirement and completion of twenty-five years of service. Police receive payment for a maximum of 480 hours. As of December 31, 2000, the liability for unpaid compensated absences was \$132,804.

NOTE 15: LONG-TERM OBLIGATIONS

Changes in long-term obligations of the City during the year ended December 31, 2000 consisted of the following:

	<u>Outstanding</u> <u>1/1/2000</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Outstanding</u> <u>12/31/2000</u>
<u>Enterprise Fund Obligations</u>				
OWDA loans, 2% maturity date 1/1/2022	\$ 9,374,416	\$ 0	\$ (343,888)	\$ 9,030,528
Total Enterprise Fund Obligations	<u>9,374,416</u>	<u>0</u>	<u>(343,888)</u>	<u>9,030,528</u>
<u>General Long-Term Obligations</u>				
<u>General Obligation Bonds:</u>				
Pattons Run Picoma 1987, 7.735%, maturity date 12/1/2007	72,000	0	0	72,000
Capital leases payable	5,641	0	(5,641)	0
Police and Fire Pension Liability	213,984	0	(2,670)	211,314
Intergovernmental Payable	21,932	24,783	(21,932)	24,783
Compensated absences	<u>15,060</u>	<u>0</u>	<u>(3,798)</u>	<u>11,262</u>
Total general long-term obligations	<u>328,617</u>	<u>24,783</u>	<u>(34,041)</u>	<u>319,359</u>
Grand total	<u>\$ 9,703,033</u>	<u>\$ 24,783</u>	<u>\$ (377,929)</u>	<u>\$ 9,349,887</u>

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

NOTE 15: LONG-TERM OBLIGATIONS (Continued)

General obligation bonds will be paid from revenue derived from charges for services in the enterprise funds. The OWDA Loans will be repaid with water fund revenues. The police and fire pension liability will be paid from general property tax revenues. Compensated absences reported in the "compensated absences payable" account will be paid from the fund from which the employee's salaries are paid.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2000 are as follows:

Year	Governmental Fund Types		Total
	General Obligation Bonds	Police and Fire Pension	
2001	\$ 25,301	\$ 11,737	\$ 37,038
2002	12,982	11,737	24,719
2003	12,318	11,737	24,055
2004	42,640	11,737	54,377
2005	0	11,737	11,737
2006-2010	0	58,685	58,685
2011-2015	0	58,685	58,685
2016-2020	0	58,685	58,685
2021-2025	0	58,685	58,685
2026-2030	0	58,685	58,685
2031-2035	0	52,286	52,286
Totals	<u>\$ 93,241</u>	<u>\$ 404,396</u>	<u>\$ 497,637</u>

The City's OWDA Loan is still in the process of being drawn down, and therefore there has been no repayment schedule issued. Once this loan has been completely drawn down OWDA will provide the City with a final amortization schedule.



**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

NOTE 16: NOTE DEBT

The City's note activity, including amounts outstanding, interest rates and the purpose for which the note was issued, is as follows:

	<u>Outstanding 01/01/2000</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Outstanding 12/31/2000</u>
<b><u>Special Revenue Fund:</u></b>				
Street and Sidewalk Improvement Bond Anticipation Note - 5.54%, matures May 2001	\$ 76,000	\$ 64,000	\$ (76,000)	\$ 64,000
Fire Equipment Improvement Note - 5.54%, matures May 2001	425,000	400,000	(425,000)	400,000
Improvement Note - 5.54%, matures May 2001	<u>523,000</u>	<u>500,000</u>	<u>(523,000)</u>	<u>500,000</u>
Total Special Revenue Funds	1,024,000	964,000	(1,024,000)	964,000
<b><u>Enterprise Funds:</u></b>				
Parking Meter General Obligation Bond Anticipation Notes - 5.78%, matures December 2001	42,000	22,000	(42,000)	22,000
Water Improvement - 5.54%, matures May 2001	<u>155,000</u>	<u>95,000</u>	<u>(155,000)</u>	<u>95,000</u>
Total Enterprise Funds	<u>197,000</u>	<u>117,000</u>	<u>(197,000)</u>	<u>117,000</u>
Totals	<u>\$ 1,221,000</u>	<u>\$ 1,081,000</u>	<u>\$ (1,221,000)</u>	<u>\$ 1,081,000</u>

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

NOTE 16: NOTE DEBT (Continued)

The principal and interest requirements to retire promissory notes outstanding at December 31, 2000 are as follows:

<u>Note</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Street & Sidewalk Improvement	\$ 64,000	\$ 2,195	\$ 66,195
Fire Equipment Improvement	900,000	30,872	930,872
Parking Meter General Obligation			
Bond Anticipation	22,000	59	22,059
Water Improvement	95,000	3,259	98,259
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 1,081,000</u>	<u>\$ 36,385</u>	<u>\$ 1,117,385</u>

All of the above promissory notes are backed by the full faith and credit of the City of Martins Ferry. The note liability is reflected in the fund which received the proceeds and which will repay the debt. The notes are generally issued in anticipation of long-term bond financing.

NOTE 17: INTERFUND TRANSACTIONS

Interfund balances at December 31, 2000 consist of the following individual fund receivables and payables:

<u>Fund Type</u>	<u>Fund</u>	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	General	\$ 0	\$ 105,000	\$ 23,919	\$ 0
General Fund	Swim Pool	0	0	1,185	0
		<u>0</u>	<u>105,000</u>	<u>25,104</u>	<u>0</u>
Special Revenue	Police Pension	0	0	0	30,843
Capital Projects	Home Mortgage	0	0	18,734	0
Capital Projects	Permanent Improvement	105,000	0	0	0
Capital Projects	Street Assessment	0	0	0	12,995
		<u>105,000</u>	<u>0</u>	<u>18,734</u>	<u>12,995</u>
		<u>\$ 105,000</u>	<u>\$ 105,000</u>	<u>\$ 43,838</u>	<u>\$ 43,838</u>

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
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**NOTE 18: SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The City's enterprise funds account for the provision of water, sanitation, and parking services. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the City of Martins Ferry as of and for the year ended December 31, 2000:

	<u>Water</u>	<u>Sanitation</u>	<u>Sewer</u>	<u>Parking Meter</u>	<u>Off-Street Parking</u>	<u>Total</u>
Operating revenues	\$ 2,275,419	\$ 628,283	\$ 242,830	\$ 51,823	\$ 7,266	\$ 3,205,621
Depreciation	425,747	30,933	3,125	5,059	0	464,864
Operating expenses (net of depreciation)	1,592,273	483,045	240,493	43,070	415	2,359,296
Operating income (loss)	257,399	114,305	(788)	3,694	6,851	381,461
Interest and fiscal charges	193,148	1,858	2,655	2,404	0	200,065
Net income (loss)	64,285	112,333	(3,443)	1,290	6,851	181,316
Additions to property, plant and equipment	0	0	0	0	0	0
Net working capital	233,798	4,736	111,569	3,228	8,643	361,974
Total assets	10,223,080	184,305	140,316	50,490	8,643	10,606,834
Long-term liabilities to be paid from fund revenues	9,030,528	0	0	22,000	0	9,052,528
Total equity	879,839	119,381	126,410	22,244	8,643	1,156,517

**NOTE 19: JOINTLY GOVERNED ORGANIZATIONS**

- A. Belmont Metropolitan Housing Authority is a non-profit organization established to provide adequate public housing for low income individuals and is statutorily created as a separate and distinct political subdivision of the State. The Authority is operated by a five member board of commissioners. Two members are appointed by the Mayor of Martins Ferry, one member is appointed by the Belmont County Commissioners, one member is appointed by the judge of the probate court, and one member is appointed by the judge of the court of common pleas. The City did not contribute any amounts to the Authority during 2000. The continued existence of the Authority is not dependent on the City's continued participation and no equity interest exists. The Authority has no outstanding debt for which the City of Martins Ferry is responsible.
- B. Eastern Ohio Regional Transit Authority was established to provide transportation to the residents of the Ohio Valley and is statutorily created as a separate and distinct political subdivision of the State. The Authority is operated by a board of directors that is appointed by the nine Mayors of the municipalities served by the Authority. The City did not contribute any amounts to the Authority during 2000. The continued existence of the Authority is not dependent on the City's continued participation and no equity interest exists. The Authority has no outstanding debt for which the City of Martins Ferry is responsible.

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 19: JOINTLY GOVERNED ORGANIZATIONS (Continued)

- C. Ohio Mid-Eastern Governments Association (OMEGA) is a ten-county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum, and Tuscarawas Counties. OMEGA was formed to aid and assist the participating counties and political subdivisions within the counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a sixteen member executive board comprised of members appointed from each participating county and cities within each county. City membership is voluntary. The mayor of the City of Martins Ferry serves as the City's representative on the board. The board has total control over budgeting, personnel, and financial matters. Each member currently pays a per capita membership fee based upon the most recent United States census. During 2000, OMEGA received \$719 from the City of Martins Ferry for an annual fee. The continued existence of OMEGA is not dependent on the City's continued participation and no equity interest exists. OMEGA has no outstanding debt.
- D. Jefferson-Belmont Joint Solid Waste Authority is established by state statutes and is operated to provide solid waste services to Jefferson and Belmont counties. The Authority is governed by a fourteen member board of directors of which the Mayor of the City of Martins Ferry is a member. The Authority is not dependent on the City of Martins Ferry for its continued existence, no debt exists, and the City does not maintain an equity interest. The City does not make any monetary contributions to the District.
- E. Belmont County Sewer Authority is established by Ohio Revised Code Section 6119, serving the municipalities of Bellaire, Brookside, and Martins Ferry. The Authority is operated by a four member Board of Trustees. One member of the Board is appointed by the Mayor of Martins Ferry. The Authority is not dependent on the City of Martins Ferry for its continued existence and the City does not maintain an equity interest. The City does not make any monetary contributions to the District.
- F. Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by Belmont County and one member is appointed by each local government within Belmont County. The Mayor of the City of Martins Ferry serves as the City's representative on the board. The Council is not dependent upon the City of Martins Ferry for its continued existence, no debt exists, and the City does not maintain an equity interest. During 2000, Bel-O-Mar Regional Council received \$2,237 from the City of Martins Ferry for annual fees and grant administration services.

**City of Martins Ferry, Ohio**  
**Notes to the General Purpose Financial Statements**  
**December 31, 2000**

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NOTE 20: CONTINGENCIES

A. Grants

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with term and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the City at December 31, 2000.

B. Litigation

The City of Martins Ferry is currently party to several claims and lawsuits. In the opinion of the City Law Director, the outcome of these claims will not have a material effect on the financial statements of the City of Martins Ferry.

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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**

City of Martins Ferry  
Belmont County  
Fifth and Walnut Streets  
P.O. Box 386  
Martins Ferry, Ohio 43935

To Members of the City Council:

We have audited the general purpose financial statements of the City of Martins Ferry, Belmont County, Ohio (the City), as of and for the year ended December 31, 2000, and have issued our report thereon dated June 15, 2001. 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 City's general purpose 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-21007-001 through 2000-21007-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated June 15, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 general purpose 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 the management of the City in a separate letter dated June 15, 2001.

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

**Jim Petro**  
Auditor of State

June 15, 2001



**CITY OF MARTINS FERRY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000**

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

**FINDING NUMBER 2000-21007-001**

**Finding for Recovery - Repaid under Audit**

On pay periods ending November 18, 2000, December 2, 2000, and December 16, 2000, Auxiliary Police Dispatcher, Carol Vargo worked 60.5, 53.5, and 57.5 hours per her time cards, respectively. Per approved payroll slips signed by Police Chief, Paul Canter, for pay periods ending November 18, 2000, December 2, 2000, and December 16, 2000, Ms Vargo was actually paid for 65.5, 56, and 64 hours worked, respectively, for a total overpayment of 14 hours. Ms. Vargo's approved rate of pay is \$8.00 per hour, therefore, for the pay periods noted above Ms. Vargo was overpaid in the amount of one hundred twelve dollars (\$112).

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for salary overpayment is hereby issued against Paul Canter, Police Chief and Carol Vargo, Former Auxiliary Police Dispatcher, jointly and severally, in the amount of one hundred twelve dollars (\$112), in favor of the City of Martins Ferry's General Fund. The one hundred twelve dollar (\$112) salary overpayment, was repaid by the Police Chief on May 11, 2001.

**FINDING NUMBER 2000-21007-002**

**Finding for Adjustment**

Auditor of State Audit Bulletin 97-003 states that advances are intended to temporarily reallocate cash from one fund to another and involve an expectation of repayment. Advances must also indicate a statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose which the fund receiving the cash (the "debtor" fund) was established. There also must be approval via a formal resolution of the taxing authority of the subdivision which includes a specific statement that the transaction is an advance and an indication of the money (fund) from which it is expected that repayment will be made.

On October 21, 1999, the City Council passed a Resolution authorizing an advance from the City's Permanent Improvement Fund, Capital Projects Fund Type to the General Fund in the amount of \$55,000 to cover salaries and bills presented at year-end. In addition, on August 16, 2000, the City Council passed a Resolution authorizing an advance from the City's Permanent Improvement Fund, Capital Projects Fund Type, to the General Fund in the amount of \$50,000 for general operations. The Permanent Improvement Fund contains proceeds from the prior sale of the electric plant of which monies are restricted to capital asset purchases.

A finding for adjustment is hereby issued against the General Fund of the City of Martins Ferry, Belmont County in the amount of \$105,000, in favor of the Permanent Improvement Fund, Capital Projects Fund Type. The financial statements reflect an Advance From of \$105,000 within the General Fund and an Advance To of \$105,000 within the Permanent Improvement Fund, Capital Projects Fund Type.

**CITY OF MARTINS FERRY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2000-21007-003**

**Noncompliance Citation**

Ohio Rev. Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the Auditor's certificate that a sufficient sum was appropriated and free of any previous encumbrances, both at the time the contract was entered into and at the time that the certificate was issued, the Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the Auditor may authorize it to be paid without the affirmation of the Council.

All of the obligations paid by the City had a statement attached indicating the purchase was lawfully appropriated or in the process of collection to the credit of the appropriate fund, free from any previous encumbrance; however, this certification was dated subsequent to incurring the obligation for 33% of expenditures tested. The City did not utilize the "then and now" certificate option for these expenditures.

We recommend the City monitor the use of purchase orders more carefully to help ensure expenditures are certified as to the availability of funds prior to incurring the obligation.

**FINDING NUMBER 2000-21007-004**

**Noncompliance Citation**

Ohio Rev. Code § 5705.10 states that money paid into any fund shall be used only for the purposes for which such fund was established.

As of December 31, 2000, the Police Pension Fund and Street Construction and Assessment Fund had negative fund balances of \$30,843 and \$13,416, respectively.

As of June 30, 2000, the General Fund, Recreation Fund, Police Pension Fund, and Street Construction and Assessment Fund had negative fund balances of \$58,092, \$1,201, \$36,963, and \$13,416, respectively.

The existence of a deficit balance in any fund indicates that money from another fund or funds have been used to pay obligations of the fund or funds carrying the deficit balance.

We recommend the City monitor fund balances in order to ensure compliance with the Ohio Revised Code.

CITY OF MARTINS FERRY  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2000  
(Continued)

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

FINDING NUMBER 2000-21007-005

**Noncompliance Citation**

Ohio Rev. Code § 5705.39 provides that appropriations from each fund shall not exceed the estimated revenue plus unencumbered balances available for expenditure as certified by the County Budget Commission. The following funds had appropriations in excess of estimated revenue plus unencumbered balances at December 31, 2000:

<u>Fund</u>	<u>Excess</u>
General Fund	\$ 52,074
<u>Special Revenue Fund</u>	
Street Maintenance and Repair Fund	5,405
Police Pension Fund	39,668
<u>Capital Projects Fund</u>	
Street Construction and Assessment Fund	13,066

The following funds had appropriations in excess of estimated revenue plus unencumbered balances at June 30, 2000:

<u>Fund</u>	<u>Excess</u>
<u>Special Revenue Fund</u>	
Police Levy Fund	\$ 3,250
Police Pension Fund	39,571
<u>Capital Projects Fund</u>	
Federal Emergency Management Agency Fund	2,500

We recommend the City develop internal control procedures to ensure appropriations of each fund do not exceed the estimated revenue certified by the County Budget Commission.





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OFFICE OF THE AUDITOR  

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**CITY OF MARTINS FERRY**

**BELMONT 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 14, 2001**