



**VILLAGE OF MARTINSVILLE  
CLINTON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



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

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**STATE OF OHIO**



VILLAGE OF MARTINSVILLE  
CLINTON COUNTY

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STATE OF OHIO  
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## INDEPENDENT ACCOUNTANTS' REPORT

Village of Martinsville  
Clinton County  
P.O. Box 177  
Martinsville, Ohio 45146

To the Village Council:

We have audited the accompanying financial statements of the Village of Martinsville, Clinton County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2001, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

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

**Jim Petro**  
Auditor of State

March 7, 2001

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**VILLAGE OF MARTINSVILLE  
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$9,986	\$0	\$0	\$9,986
Special Assessments	0	4,426	0	4,426
Intergovernmental Receipts	18,908	18,279	0	37,187
Fines, Licenses, and Permits	1,083	0	0	1,083
Miscellaneous	2,098	711	0	2,809
<b>Total Cash Receipts</b>	<u>32,075</u>	<u>23,416</u>	<u>0</u>	<u>55,491</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	2,887	6,910	0	9,797
Transportation	0	7,977	0	7,977
General Government	14,930	0	0	14,930
Debt Service:				
Principal and Interest Payments	6,554	7,570	9,126	23,250
<b>Total Disbursements</b>	<u>24,371</u>	<u>22,457</u>	<u>9,126</u>	<u>55,954</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>7,704</u>	<u>959</u>	<u>(9,126)</u>	<u>(463)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers In	0	0	9,126	9,126
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>0</u>	<u>0</u>	<u>9,126</u>	<u>9,126</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>7,704</u>	<u>959</u>	<u>0</u>	<u>8,663</u>
<b>Fund Cash Balances, January 1</b>	<u>12,128</u>	<u>27,172</u>	<u>0</u>	<u>39,300</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$19,832</b></u>	<u><b>\$28,131</b></u>	<u><b>\$0</b></u>	<u><b>\$47,963</b></u>

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

**VILLAGE OF MARTINSVILLE  
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$108,449	\$0	\$108,449
Miscellaneous			0
	<u>108,449</u>	<u>0</u>	<u>108,449</u>
Total Operating Cash Receipts			
<b>Operating Cash Disbursements:</b>			
Personal Services	13,043		13,043
Fringe Benefits			0
Contractual Services	42,053		42,053
Supplies and Materials	71,445		71,445
	<u>126,541</u>	<u>0</u>	<u>126,541</u>
Total Operating Cash Disbursements			
Operating Income/(Loss)	<u>(18,092)</u>	<u>0</u>	<u>(18,092)</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts		1,531	1,531
	<u>0</u>	<u>1,531</u>	<u>1,531</u>
Total Non-Operating Cash Receipts			
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements		1,531	1,531
	<u>0</u>	<u>1,531</u>	<u>1,531</u>
Total Non-Operating Cash Disbursements			
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(18,092)	0	(18,092)
Transfers-Out	<u>(9,126)</u>		<u>(9,126)</u>
Net Receipts Over/(Under) Disbursements	(27,218)	0	(27,218)
Fund Cash Balances, January 1	<u>89,717</u>		<u>89,717</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$62,499</u></b>	<b><u>\$0</u></b>	<b><u>\$62,499</u></b>

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



**VILLAGE OF MARTINSVILLE  
CLINTON COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$8,717	\$0	\$0	\$0	\$8,717
Special Assessments		4,279			4,279
Intergovernmental Receipts	17,745	21,087		51,499	90,331
Fines, Licenses, and Permits	4,048				4,048
Miscellaneous	2,026	940			2,966
<b>Total Cash Receipts</b>	<u>32,536</u>	<u>26,306</u>	<u>0</u>	<u>51,499</u>	<u>110,341</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	12,445	6,990			19,435
Capital Outlay				51,499	51,499
Transportation		13,833			13,833
General Government	18,277				18,277
Debt Service:					
Principal and Interest	6,554	7,570	9,126		23,250
<b>Total Disbursements</b>	<u>37,276</u>	<u>28,393</u>	<u>9,126</u>	<u>51,499</u>	<u>126,294</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(4,740)</u>	<u>(2,087)</u>	<u>(9,126)</u>	<u>0</u>	<u>(15,953)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers In			9,126		9,126
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>0</u>	<u>0</u>	<u>9,126</u>	<u>0</u>	<u>9,126</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(4,740)</u>	<u>(2,087)</u>	<u>0</u>	<u>0</u>	<u>(6,827)</u>
<b>Fund Cash Balances, January 1</b>	<u>16,868</u>	<u>29,259</u>			<u>46,127</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$12,128</b></u>	<u><b>\$27,172</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$39,300</b></u>

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

**VILLAGE OF MARTINSVILLE  
CLINTON COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$97,620	\$0	\$97,620
Intergovernmental Receipts	1,035		1,035
Total Operating Cash Receipts	<u>98,655</u>	<u>0</u>	<u>98,655</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	12,394		12,394
Contractual Services	32,955		32,955
Supplies and Materials	39,049		39,049
Total Operating Cash Disbursements	<u>84,398</u>	<u>0</u>	<u>84,398</u>
Operating Income/(Loss)	<u>14,257</u>	<u>0</u>	<u>14,257</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts		5,869	5,869
Total Non-Operating Cash Receipts	<u>0</u>	<u>5,869</u>	<u>5,869</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements		5,869	5,869
Total Non-Operating Cash Disbursements	<u>0</u>	<u>5,869</u>	<u>5,869</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	14,257	0	14,257
Transfers Out	<u>(9,126)</u>		<u>(9,126)</u>
Net Receipts Over/(Under) Disbursements	5,131	0	5,131
Fund Cash Balances, January 1	<u>84,586</u>		<u>84,586</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$89,717</u></b>	<b><u>\$0</u></b>	<b><u>\$89,717</u></b>

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

**VILLAGE OF MARTINSVILLE  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Martinsville, Clinton County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and trash utilities. The Village has a part-time police force to provide security of persons and property.

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

**B. Basis of Accounting**

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

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

**C. Cash and Deposits**

The Clerk deposits all available funds of the Village. During fiscal years 2000 and 1999, the Village's funds were deposited in a checking account with a local commercial bank.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Fund**

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

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

State Highway Fund - This fund receives gasoline tax and motor vehicle tax money for maintaining and repairing Village highways.

**VILLAGE OF MARTINSVILLE  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

Street Lighting Fund - This fund receives special assessment money for maintaining and repairing the Village street lights.

**3. Debt Service Fund**

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness.

**4. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

OPWC Fund - This fund accounts for grants paid from the Ohio Public Works Commission for capital projects directly to contractors on behalf of the Village.

**5. Enterprise Funds**

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

Water Fund and Refuse Fund - These funds receive charges for services from residents to cover the cost of providing these utilities.

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

**6. Fiduciary Fund (Agency Fund)**

The Village had the following significant Fiduciary Fund:

Agency Fund - This fund accounts for the Village's Mayor's Court activity.

**E. Budgetary Process**

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

**1. Appropriations**

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

**VILLAGE OF MARTINSVILLE  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. However, there were no material encumbrances outstanding at December 31, 2000 and 1999.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

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

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ <u>110,462</u>	\$ <u>129,017</u>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 26,110	\$ 32,075	\$ 5,965
Special Revenue	26,050	23,416	(2,634)
Debt Service	9,126	9,126	0
Enterprise	93,560	108,449	14,889
Total	\$ 154,846	\$ 173,066	\$ 18,220

**VILLAGE OF MARTINSVILLE  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 36,282	\$ 24,371	\$ 11,911
Special Revenue	29,449	22,457	6,992
Debt Service	9,126	9,126	0
Enterprise	125,727	135,667	(9,940)
Total	<u>\$ 200,584</u>	<u>\$ 191,621</u>	<u>\$ 8,963</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 33,548	\$ 32,536	\$ (1,012)
Special Revenue	12,245	26,306	14,061
Debt Service	9,126	9,126	0
Capital Projects	205,926	51,499	(154,427)
Enterprise	94,833	98,655	3,822
Total	<u>\$ 355,678</u>	<u>\$ 218,122</u>	<u>\$ (137,556)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 50,260	\$ 37,276	\$ 12,984
Special Revenue	21,450	28,393	(6,943)
Debt Service	9,126	9,126	0
Capital Projects	205,926	51,499	154,427
Enterprise	124,000	93,524	30,476
Total	<u>\$ 410,762</u>	<u>\$ 219,818</u>	<u>\$ 190,944</u>

The Village did not obtain prior certification of the fiscal officer for certain purchases, nor were certain commitments properly encumbered as required by the Ohio Revised Code, Section 5705.41(D). Also, during 2000, disbursements exceeded appropriations in the Street Light Fund. During 1999, disbursements exceeded appropriations in the Street Construction Maintenance Repair Fund, the State Highway Fund, and the Street Lighting Fund.

**4. PROPERTY TAX**

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

**VILLAGE OF MARTINSVILLE  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**4. PROPERTY TAX (Continued)**

If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 71,570	7.24%
General Obligation Notes	17,666	6-6.25%
Total	\$ 89,236	

The Ohio Water Development Authority (OWDA) loan relates to a water plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$94,908 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$9,126, including interest, over 20 years. The scheduled payment for future years will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by water receipts.

General obligation notes consist of a bond anticipation note for the purpose of improving Village streets and a general obligation loan agreement issued in 1998 to purchase a new police cruiser.

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

Year ending December 31:	OWDA Loan	General Obligation Notes
2001	\$ 9,126	\$ 10,847
2002	9,126	10,847
2003	9,126	0
2004	9,126	0
2005	9,126	0
Subsequent	63,885	0
Total	\$ 109,515	\$ 21,694

**VILLAGE OF MARTINSVILLE  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% for 2000 and 13.55% for 1999 of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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





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

Village of Martinsville  
Clinton County  
P.O. Box 177  
Martinsville, Ohio 45146

To the Village Council:

We have audited the accompanying financial statements of the Village of Martinsville, Clinton County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 7, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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* and which are described in the accompanying schedule of findings as items 2000-30414-001 and 2000-30414-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 7, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2000-30414-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 7, 2001.

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

**Jim Petro**  
Auditor of State

March 7, 2001

VILLAGE OF MARTINSVILLE  
CLINTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999

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

**FINDING NUMBER 2000-30414-001**

**Material Noncompliance/Reportable Condition**

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation 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. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This Section also provides for two exceptions to the above requirements:

1. Then and Now Certificates- If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village 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.
2. If the amount involved is less than \$1,000 dollars, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

The Village failed to get the fiscal officer's certification before making commitments. Ninety-two (92%) percent of the expenditures and obligations tested were initiated without obtaining the prior certification of the Clerk and neither of the two exceptions provided for were used. Every effort should be made by the Village to properly utilize the encumbrance method of accounting by certifying funds on purchase orders. Failure to properly certify funds could result in overspending Village funds.

**FINDING NUMBER 2000-30414-002**

**Material Noncompliance**

Ohio Rev. Code, Section 5705.41(B), states that no subdivision or taxing unit is to expend money unless it has been appropriated. During 2000, disbursements exceeded appropriations in the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Variance</u>
Street Light Fund	\$4,000	\$6,910	\$2,910
Water Fund	104,927	116,539	11,612

**FINDING NUMBER 2000-30414-002**  
**(Continued)**

During 1999, disbursements exceeded appropriations in the following funds:

<u>Fund</u>	<u>Appropriation</u>	<u>Disbursements</u>	<u>Variance</u>
Street Construction Maintenance Repair Fund	\$15,950	\$19,087	\$3,137
State Highway Fund	1,500	2,316	816
Street Lighting Fund	4,000	6,990	2,990



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**VILLAGE OF MARTINSVILLE**

**CLINTON 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  
MAY 22, 2001**