



**COLUMBIANA COUNTY DRUG TASK FORCE
COLUMBIANA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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Report of Independent Accountants

Board of Control
Columbiana County Drug Task Force
P.O. Box 68
Lisbon, Ohio 44432

To Board of Control:

We have audited the accompanying financial statement of Columbiana County Drug Task Force, Columbiana County (the Task Force) as of and for the year ended December 31, 1998. The financial statement is the responsibility of the Task Force's management. Our responsibility is to express an opinion on this financial statement 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 Task Force prepares its financial statement 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 statement referred to above presents fairly, in all material respects, the combined fund cash balances of Columbiana County Drug Task Force, Columbiana County, as of December 31, 1998, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2000 on our consideration of the Task Force's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

February 2, 2000

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

	<u>Law Enforcement Trust</u>	<u>Mandatory Drug Fines</u>	<u>Confidential Informant Funds</u>	<u>Restitution</u>	<u>Supplies and Equipment</u>	<u>Canine</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:							
Confiscations, Fofeitures and Resitiutions	22,712	23,000	3,605	954	0	0	50,271
Intergovernmental Receipts			15,000				15,000
Donations					3,795	400	4,195
Miscellaneous	2,000						2,000
Total Cash Receipts	<u>24,712</u>	<u>23,000</u>	<u>18,605</u>	<u>954</u>	<u>3,795</u>	<u>400</u>	<u>71,466</u>
Cash Disbursements:							
Current							
Security of Persons and Property	934	2,210	23,753	100		190	27,187
Matching Funds	11,000	11,000					22,000
Capital Outlay	5,831	5,830			3,581		15,242
Total Disbursements	<u>17,765</u>	<u>19,040</u>	<u>23,753</u>	<u>100</u>	<u>3,581</u>	<u>190</u>	<u>64,429</u>
Total Receipts Over/(under) Disbursements	<u>6,947</u>	<u>3,960</u>	<u>(5,148)</u>	<u>854</u>	<u>214</u>	<u>210</u>	<u>7,037</u>
Fund Cash Balances January 1	464	9,090	6,379	0	0	127	16,060
Fund Cash Balances, December 31	<u>7,411</u>	<u>13,050</u>	<u>1,231</u>	<u>854</u>	<u>214</u>	<u>337</u>	<u>23,097</u>

The notes to the financial statements are in intergral part of this statment.

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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Columbiana County Drug Task Force, Columbiana County, (the Task Force) is a multi-jurisdictional drug task force for the sharing of police services and equipment to undertake joint operations to stop the trafficking of illegal drugs. The Task Force was created by the authority of Ohio Rev. Code Sections 737.04 and 737.041. Member agencies included Columbiana County Sheriff, Columbiana County Prosecutor, City of East Palestine, City of Salem, City of East Liverpool, City of Wellsville, Village of Columbiana, Liverpool Township, Village of Lisbon, and Village of Salineville.

Member agencies provide their own personnel to operate the Task Force. The individual agencies pay for salaries and benefits from their respected budgets.

The Task Force's management believes this financial statement presents all activities for which the Task Force is financially accountable.

B. Basis of Accounting

This financial statement follows 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 liability is incurred. This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

The Task Force maintains five non interest-bearing checking accounts.

D. Fund Accounting

The Task Force uses fund accounting to segregate cash that are restricted as to use. The Task Force classifies its funds into the following type:

1. Special Revenue Funds

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 Task Force had the following significant Special Revenue Funds.

Law Enforcement Trust Fund - This Fund receives confiscated and forfeited money for the administration of the Task Force and future investigations.

Mandatory Drug Fines Fund- this fund receives mandatory drug fine money assessed by the common pleas court for the administration of the Task Force and future investigations.

Confidential Informant Fund- This fund receives federal grant money from the Trumbull County Drug Task Force for the assistance in investigations by using confidential informants.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restitution Fines Fund - This fund receives money for the reimbursement of the costs of investigations from the County Adult Probation Department for the administration of the Task Force and future investigations.

Supplies and Equipment Fund - This fund receives money from donations by the private sector of the purchase for equipment and supplies.

Canine Fund - This fund receives money from donations by the private sector for the care of the police dog.

E. Property, Plant and Equipment

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

2. EQUITY IN CASH

The Task Force maintains a separate bank account for each fund with the exception of the Confidential Informant Fund which is cash on hand. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, was as follows:

	<u>1998</u>
Demand deposits	\$21,866
Cash on Hand	<u>1,231</u>
Total Deposits	<u><u>\$23,097</u></u>

Deposits:

Deposits are insured by the Federal Depository Insurance Corporation. Cash on hand is not collateralized.

3. RISK MANAGEMENT

The Task Force vehicles and equipment are insured by Columbiana County. The County is a member of County Risk Sharing Authority, Inc., (CORSA) which is a shared risk pool among thirty-nine counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program a group primary and excess participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officers errors and omissions liability insurance.

4. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Task Force's operations.

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

4. THE YEAR 2000 ISSUE (Continued)

As of February 2, 2000, the Task Force has completed an inventory of computer systems and other equipment necessary to conducting Fiscal Force operations.

The Task Force utilizes two desk top personal computers for record keeping purposes. The Task Force has received assurance from its vendor that these systems are Year 2000 complaint.

The Task Force receive distribution of fees, forfeitures and restitutions from the Columbiana County Court Systems. Columbiana County is responsible for remediation of its system.

To the best of management's knowledge and belief, as of February 2, 2000, the Task Force experienced no significant interruption of mission-critical operations of services related to the Year 2000 Issue. However, because of the unprecedented nature of the Year 2000 Issue, matters may yet arise, and parties with whom the Task Force does business may also experience Year 2000 readiness issues that are as yet, unknown.

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Report of Independent Accountants on Compliance and on Internal Control Required by Government Auditing Standards

Board of Control
Columbiana County Drug Task Force
Columbiana County
P.O. Box 68
Lisbon, Ohio 44432

We have audited the accompanying financial statement of the Columbiana County Drug Task Force, Columbiana County (the Task Force), as of and for the year ended December 31, 1998, and have issued our report thereon dated February 2, 2000. 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 Task Force's financial statement is 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 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. These results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Task Force'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 Task Forces's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1998-61215-001, 1998-61215-002 and 1998-61215-003.

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 for 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 believe none of the reportable conditions described above are material weaknesses. We also noted another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of Task Force in a separate letter dated February 2, 2000.

Columbiana County Drug Task Force
Columbiana County
Report of Independent Accountants on compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and the Task Force's Board of Control, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

JIM PETRO
Auditor of State

February 2, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1998-61215-001

Purchases

The Task Force purchased a vehicle in the amount of \$8,830 on June 15, 1998. This purchase was in excess of the \$2,000 limit which required prior approval by the Board of Control. Notice of prior approval was not available for audit purposes. In a letter dated November 4, 1999, the Board informed us that verbal permission was given to the Director to go ahead and make the purchase.

Failure to get prior approval on purchases of \$2,000 and above could lead to unauthorized purchases that could materially affect the financial condition of the Task Force.

We recommend that all purchases in excess of \$2,000 have written prior authorization by the Board and such authorization be included in the minutes.

FINDING NUMBER 1998-61215-002

Deposits - Cash Withdrawals

The Director withdrew \$2,000 on December 26, 1996 from the Law Enforcement Trust Fund. According to the notation in the records, this money was to be used to subsidize the Confidential Informant Fund until the Task Force received their 1997 grant from Trumbull County. However, these monies were not replenished until October 14, 1998. The \$ 2,000 withdrawal was not entered into the Confidential Informant Fund Ledger and was reported to us, by the Director, that the money was on hand in the safe at the Task Force office.

The failure to enter this into the Confidential Informant Fund Ledger led to the appearance of unaccounted for monies for the period from the withdrawal date until the redeposit date. Failure to properly record withdrawals could also lead to a material misstatement of the Financial Statements.

We recommend that the Director properly record all deposits and withdrawals into the records to ensure accountability and fairly presented financial statements.

FINDING NUMBER 1998-61215-003

Minutes

The Board of Control sets policy and authorizes expenditures in excess of two thousand dollars. The Board policies should be maintained in a minute book. The Board did not provide minutes of their proceedings for 1998. Officials indicated they did meet and notes were taken.

As the Board of Control speaks only through its record of proceedings (minutes), this weakness resulted in Board actions which were not properly reflected.

We recommend that the Board of Control maintain a minute book to record all policies and various authorizations. The minutes should include all in attendance and all actions of the Board.



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COLUMBIANA COUNTY DRUG TASK FORCE

COLUMBIANA 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
MARCH 7, 2000**