



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances – For the Years Ended December 31, 1998 and 1997	3
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	7
Schedule of Findings	9

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REPORT OF INDEPENDENT ACCOUNTANTS

Jefferson Belmont Joint Solid Waste Authority
Jefferson County
301 Market Street
Steubenville, OH 43952

To the Board of Directors:

We have audited the accompanying financial statements of the Jefferson Belmont Joint Solid Waste Authority, Jefferson County, Ohio, (the Authority) as of and for the years ended December 31, 1997 and December 31, 1998. These financial statements are the responsibility of the Authority'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 Authority 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 Jefferson Belmont Joint Solid Waste Authority as of December 31, 1997 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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

This report is intended solely for the information and use of the audit committee, management, the Board of Directors 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

February 10, 2000

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997**

	1998	1997
Cash Receipts:		
Charges for services	\$1,276,099	\$1,202,733
	1,276,099	1,202,733
Cash Disbursements:		
Current:		
Salaries	111,404	105,675
Supplies and Materials	2,903	6,943
Contracts - Repair	1,965	11,306
Contracts - Services	1,074,853	880,941
Public Employee's Retirement	13,171	12,388
Other	116,579	8,859
Debt Service:		
Other Debt Service	85,528	71,761
	1,406,403	1,097,873
Total Cash Disbursements	1,406,403	1,097,873
Total Receipts Over/(Under) Disbursements	(130,304)	104,860
Fund Cash Balances, January 1	225,084	120,224
Fund Cash Balances, December 31	\$94,780	\$225,084

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

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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Jefferson Belmont Joint Solid Waste Authority, Jefferson County, (the Authority) 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 Authority is directed by a twelve-member Board of Directors comprised of two County Commissioners, one from Belmont County and one from Jefferson County and representatives from city government, village government, township government and the boards of health from each county as well as two representatives of the citizenry. The Authority provides solid waste disposal, recycling opportunities, and other waste management services to these counties.

The Authority's management believes these financial statements present all activities for which the Authority 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 Investments

At December 31, 1997, the Jefferson County Auditor and Treasurer were not the fiscal officer and custodian of Authority funds. Certificates of deposit were valued at cost.

At December 31, 1998, the County Auditor and Treasurer had assumed the responsibilities of fiscal officer and custodian of the Authority's cash and investments. In accordance with Ohio Revised Code, the Authority's cash is held and invested by the Jefferson County Treasurer, who acts as custodian for Authority monies. The Authority's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Except, gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Budgetary Process

The Authority's Board of Trustees currently do not adopt an operating budget. Recent Ohio Attorney General Opinion No. 99-020 has clarified that the budget process described in Chapter 5705, Revised Code applies to the Authority, regardless of whether the Authority levies property taxes. The Authority must henceforth adopt annual appropriations, limited by estimated resources. Expenditures will be limited by appropriations.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Property, Plant and Equipment

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

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Authority.

2. DEBT

The Authority entered into a contract with Cravat Coal Company for the purchase of a transfer station. Terms of the agreement call for monthly payments to Cravat Coal Company. Amounts of the payments are determined by total tonnage collected during the prior month.

3. RETIREMENT SYSTEMS

The Authority's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including 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 1998 and 1997, PERS members contributed 8.5% of their gross salaries. The Authority contributed an amount equal to 13.55% of participants' gross salaries. The Authority has paid all contributions required through December 31, 1998.

4. RISK MANAGEMENT

The Authority has obtained commercial insurance for the following risks:

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

The Authority also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

5. SPECIAL AUDIT

A special audit of the Jefferson Belmont Joint Solid Waste Authority for the period January 1, 1997 through December 31, 1997 was released on December 2, 1999. The special audit resulted in findings for recovery in favor of the Authority's general operating fund in the amount of \$9,410. The findings of the special audit are not included in this report.



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

Jefferson Belmont Joint Solid Waste Authority
Jefferson County
301 Market Street
Steubenville, OH 43952

To the Board of Directors:

We have audited the accompanying financial statements of the Jefferson Belmont Joint Solid Waste Authority, Jefferson County, Ohio (the Authority), as of and for the years ended December 31, 1998 and December 31, 1997, and have issued our report thereon dated February 10, 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 Authority'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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1998-61241-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Authority in a separate letter dated February 10, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority'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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 judgement, could adversely affect the Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1998-61241-002.

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 weakness. 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 Authority in a separate letter dated February 10, 2000.

Jefferson Belmont Solid Waste Authority
Jefferson County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management, the Board of Directors 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

February 10, 2000

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

Finding Number

1999-61241-001

Ohio Revised Code Section 149.351 states all records are the property of the public office and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Ohio Revised Sections 149.38 to 149.42.

The transfer station employees did not retain records in accordance with the aforementioned provisions. Numerous records, which are listed below, had been destroyed or lost and were not presented for audit:

1. Customer cash receipts issued during the last six months of 1997.
2. Customer charge receipts issued during August 1997, September 1997 and November 1997.
3. Complete daily tonnage reports for the time period October 1997, November 1997 and December 1997.
4. Minutes of the Board meetings for 1997.

Procedures should be formulated and a filing system should be established that will provide the mechanism for all records created by the transfer station to be filed and maintained.

Finding Number

1999-61241-002

Currently, there are no job descriptions or employee policies for the employees of the Authority who work at the transfer station. The Authority should have job descriptions detailing the duties of each employee and repercussions for failure to perform their duties.

The lack of specific job descriptions brings about internal control weaknesses that can often escalate to an organization that can not function effectively or efficiently.

The Board of Directors of the Jefferson Belmont Joint Solid Waste Authority should formulate specific job descriptions, including but not limited to title, duties and responsibilities, and organizational policies that will provide a framework by which the transfer station can operate efficiently.



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JEFFERSON BELMONT JOINT SOLID WASTE AUTHORITY

JEFFERSON 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 16, 2000**