



**Auditor of State  
Betty Montgomery**



**JEFFERSON BELMONT JOINT SOLID WASTE AUTHORITY  
JEFFERSON COUNTY**

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**Auditor of State  
Betty Montgomery**

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

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

December 9, 2005

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statements of Jefferson Belmont Joint Solid Waste Authority, Jefferson County, (the Authority) as of and for the years ended December 31, 2004 and 2003. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Authority has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Authority to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. While the Authority does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Authority has elected not to reformat its statements. Since this Authority does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Authority as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of Jefferson Belmont Joint Solid Waste Authority, Jefferson County, as of December 31, 2004 and 2003, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Authority to include Management's Discussion and Analysis for the year ended December 31, 2004. The Authority has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2005, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

December 9, 2005

**JEFFERSON BELMONT JOINT SOLID WASTE AUTHORITY  
JEFFERSON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	<b>2004</b>	<b>2003</b>
<b>Cash Receipts:</b>		
Special assessment	\$369,357	
Intergovernmental	\$8,000	
Fees	99,750	\$82,481
Miscellaneous	97	25,090
	477,204	107,571
<b>Total cash receipts</b>		
<b>Cash Disbursements:</b>		
Current:		
Salaries	24,000	26,944
Supplies and Materials	855	3,951
Contracts - Services	6,432	11,864
Public Employee's Retirement	3,252	5,974
Worker's Compensation	1,352	2,426
Medicare	341	389
Plan Implementation	195,664	58,000
Other	1,578	1,493
Capital Outlay	52,784	
	286,258	111,041
<b>Total Disbursements</b>		
Total Receipts Over/(Under) Disbursements	190,946	(3,470)
Fund Cash Balances, January 1 (Restated in 2003)	97,400	100,870
<b>Fund Cash Balances, December 31</b>	<b>\$288,346</b>	<b>\$97,400</b>
Reserve for Encumbrances, December 31	\$78,594	

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

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**JEFFERSON BELMONT JOINT SOLID WASTE AUTHORITY  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Jefferson Belmont Joint Solid Waste Authority, Jefferson County, (the Authority) as a body corporate and politic. The Authority is directed by a fourteen-member Board of Directors comprised of the two County Commissioners, one from Belmont County and one from Jefferson County, and representatives from each city government, village government, township government, and the boards of health from each county as well as two representatives of the citizenry. The Board of Directors also includes two waste generators, one from Belmont County and one from Jefferson County. 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Authority recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**C. Cash and Investments**

In accordance with Ohio Revised Code, the Jefferson County Treasurer is custodian for the Authority's monies. The County holds the Authority's cash and investments in its cash and investment pool, valued at the Treasurer's reported carrying amount.

**D. Budgetary Process**

The Ohio Revised Code requires the Authority to budget each fund 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. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**JEFFERSON BELMONT JOINT SOLID WASTE AUTHORITY  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**3. Encumbrances**

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**E. Property, Plant, and Equipment**

The Authority records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**F. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. RESTATEMENT OF FUND BALANCE**

It was determined that the interest earned on a certificate of deposit was recorded twice and the value of the certificate of deposit had been overstated at December 31, 2002.

The beginning balance of the Solid Waste Fund was adjusted by \$7,132. The restatement of the beginning balance at January 1, 2003 is as follows:

Balance previously stated at 12/31/02	\$108,001
Adjustment	<u>( 7,131)</u>
Restated Fund Balance at 1/1/03	<u>\$100,870</u>

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2004 follows:

Year	Budgeted Receipts	Actual Receipts	Variance
2004	\$477,204	\$477,204	\$0
2003	\$109,117	\$107,571	(\$1,546)

**JEFFERSON BELMONT JOINT SOLID WASTE AUTHORITY  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

Budgeted vs. Actual Budgetary Basis Expenditures			
Year	Appropriation Authority	Budgetary Expenditures	Variance
2004	\$395,664	\$364,852	\$30,812
2003	\$146,991	\$111,041	\$35,950

**4. RETIREMENT SYSTEMS**

The Authority's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The Authority contributed an amount equal to 13.55 percent of participants' gross salaries. The Authority has paid all contributions required through December 31, 2004.

**5. ANNUAL ASSESSMENT FEE**

Pursuant to Ohio Revised Code Chapter 3734, the Jefferson Belmont Joint Solid Waste Authority is responsible for implementing its solid waste management plan, (the "Plan"), which has been approved by the Ohio EPA. The Plan requires that the board of directors of the Authority provides the primary source of funding to enable the Authority to implement the directives of the Plan. An assessment of \$6.25 per each improved parcel of real property situated in Belmont and Jefferson Counties was established as a reasonable fee to fund the operations of the Authority and to implement the Plan. The Counties are responsible for collecting and distributing all fees on behalf of the Authority. The first year of collecting the fee was 2004.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Authority has obtained commercial insurance for the following risks:

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

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

To the Board of Directors:

We have audited the financial statements of the Jefferson Belmont Joint Solid Waste Authority, Jefferson County, (the Authority) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated December 9, 2005, wherein we noted the Authority followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Authority's management dated December 9, 2005, we reported another matter involving internal control over financial reporting we did not deem a reportable condition.

**Compliance and Other Matters**

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, and Board of Directors. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

December 9, 2005



**Auditor of State  
Betty Montgomery**

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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  
DECEMBER 27, 2005**