



**Auditor of State
Betty Montgomery**

**CUMBERLAND TRAIL FIRE DISTRICT
BELMONT COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Cumberland Trail Fire District
Belmont County
P.O. Box 505
St. Clairsville, Ohio 43950

To the Board of Trustees:

We have audited the accompanying financial statements of the Cumberland Trail Fire District, Belmont County, Ohio (the District), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the District'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 *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 District 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 and reserves for encumbrances of the Cumberland Trail Fire District, Belmont County, as of December 31, 2002 and 2001, 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 July 11, 2003, on our consideration of the District'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.

Cumberland Trail Fire District
Belmont County
Independent Accountants' Report
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This report is intended solely for the information and use of management, the Board of Trustees 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.

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

Betty Montgomery
Auditor of State

July 11, 2003

**CUMBERLAND TRAIL FIRE DISTRICT
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$885,145	\$	\$885,145
Intergovernmental	124,454		124,454
Charges for Services	177,412		177,412
Earnings on Investments	16,964		16,964
Miscellaneous	39,589		39,589
	<hr/>		<hr/>
Total Cash Receipts	<u>1,243,564</u>	<u>0</u>	<u>1,243,564</u>
Cash Disbursements:			
Current:			
Public Safety	1,160,502		1,160,502
Debt Service:			
Redemption of Principal	15,383	8,045	23,428
Interest	8,227	4,302	12,529
Capital Outlay	250,924		250,924
	<hr/>		<hr/>
Total Disbursements	<u>1,435,036</u>	<u>12,347</u>	<u>1,447,383</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(191,472)</u>	<u>(12,347)</u>	<u>(203,819)</u>
Fund Cash Balances, January 1	<u>1,117,297</u>	<u>12,347</u>	<u>1,129,644</u>
Fund Cash Balances, December 31	<u>\$925,825</u>	<u>\$0</u>	<u>\$925,825</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**CUMBERLAND TRAIL FIRE DISTRICT
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Local Taxes	\$916,001	\$	\$916,001
Intergovernmental	90,752		90,752
Charges for Services	156,672		156,672
Earnings on Investments	51,127		51,127
Miscellaneous	30,322		30,322
	<u>1,244,874</u>		<u>1,244,874</u>
Total Cash Receipts	<u>1,244,874</u>	<u>0</u>	<u>1,244,874</u>
Cash Disbursements:			
Current:			
Public Safety	1,034,093		1,034,093
Debt Service:			
Redemption of Principal		22,207	22,207
Interest		13,750	13,750
	<u>1,034,093</u>	<u>35,957</u>	<u>1,070,050</u>
Total Disbursements	<u>1,034,093</u>	<u>35,957</u>	<u>1,070,050</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>210,781</u>	<u>(35,957)</u>	<u>174,824</u>
Fund Cash Balances, January 1	<u>906,516</u>	<u>48,304</u>	<u>954,820</u>
Fund Cash Balances, December 31	<u>\$1,117,297</u>	<u>\$12,347</u>	<u>\$1,129,644</u>
Reserves for Encumbrances, December 31	<u>\$250,924</u>	<u>\$0</u>	<u>\$250,924</u>

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

**CUMBERLAND TRAIL FIRE DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Cumberland Trail Fire District, Belmont County (the District), 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 District is directed by an appointed five-member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are Richland Township and the City of St. Clairsville. The other two Board members are appointed by the existing Board of Trustees. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

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

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

Certificates of deposit are valued at cost. Money market mutual funds (including STAROhio) are recorded at share values reported by the mutual fund.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District 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. 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 District had the following significant Capital Projects Fund:

**CUMBERLAND TRAIL FIRE DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Capital Project Funds (Continued)

Building Construction Fund – The remaining balance of this fund, after completion of construction, was used to make payments on the promissory note issued by the District to fund the construction of a new fire station.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

**CUMBERLAND TRAIL FIRE DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	\$241,433	\$34,749
Certificates of deposit	419,867	412,901
Total deposits	661,300	447,650
 STAROhio	 264,525	 681,994
Total investments	264,525	681,994
 Total deposits and investments	 \$925,825	 \$1,129,644

Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

At December 31, 2002 and 2001, \$319,867 and \$312,901, of deposits, respectively, were not insured or collateralized, contrary to Ohio law.

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001, follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,065,000	\$1,243,564	\$178,564
Total	\$1,065,000	\$1,243,564	\$178,564

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,461,924	\$1,435,036	\$26,888
Capital Projects	12,347	12,347	0
Total	\$1,474,271	\$1,447,383	\$26,888

**CUMBERLAND TRAIL FIRE DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,060,500	\$1,244,874	\$184,374
Total	\$1,060,500	\$1,244,874	\$184,374

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,196,125	\$1,285,017	(\$88,892)
Capital Projects	35,957	35,957	0
Total	\$1,232,082	\$1,320,974	(\$88,892)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority at the legal level of control in the General Fund for the years ended December 31, 2002 and 2001.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. 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. 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 District.

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 District.

5. DEBT

Debt outstanding at December 31, 2002, was as follows:

	Principal	Interest Rate
Promissory Note	\$204,365	5.50%

**CUMBERLAND TRAIL FIRE DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. DEBT (Continued)

The District issued a promissory note to finance a portion of the construction cost of a new fire station. The note was issued on April 20, 2000, in the amount of \$250,000 and has a maturity of April 20, 2009. The note is collateralized solely by the District's taxing authority.

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

Year ending December 31:	Promissory Note
2003	\$35,957
2004	35,957
2005	35,957
2006	35,957
2007	35,957
2008 – 2009	71,914
Total	<u><u>\$251,699</u></u>

6. RETIREMENT SYSTEMS

The District's full-time fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). One full-time fire fighter and the District officials belong to the Ohio Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement 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 2002 and 2001, members of OP&F contributed 10% of their wages to the OP&F. The District contributed an amount equal to 24% of their wages. PERS member employees and officials contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 2002.

The part-time employees of the District are not members of OP&F or PERS. Instead they contribute to Social Security. The contribution rate for these employees is 6.2% of their gross wages. The District contributed an amount equal to 6.2% of the employees' gross wages. The District has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

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

**CUMBERLAND TRAIL FIRE DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**Auditor of State
Betty Montgomery**

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

Cumberland Trail Fire District
Belmont County
P.O. Box 505
St. Clairsville, Ohio 43950

To the Board of Trustees:

We have audited the accompanying financial statements of the Cumberland Trail Fire District, Belmont County, Ohio (the District), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 11, 2003. 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 District'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*, which are described in the accompanying Schedule of Findings as items 2002-001 and 2002-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated July 11, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District'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. 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 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 and its operation that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated July 11, 2003.

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Cumberland Trail Fire District
Belmont County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of management, and the Board of Trustees, and is not intended to be and should not be used by 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

July 11, 2003

**CUMBERLAND TRAIL FIRE DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Rev. Code Section 135.18 requires, in part, that the treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

During the period, the District maintained certificates of deposit with the Steel Valley Bank. Steel Valley Bank did not provide pledged securities to collateralize the deposit amount in excess of federal deposit insurance coverage. As a result, the District had unsecured, uncollateralized deposits with Steel Valley Bank in the amount of \$319,867 at December 31, 2002 and \$312,901 at December 31, 2001.

We recommend the Clerk require all depository institutions of the District to pledge securities that provide adequate collateral for amounts on deposit which are in excess of federal deposit insurance coverage.

FINDING NUMBER 2002-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) requires no subdivision to expend money unless the same has been properly appropriated.

Expenditures exceeded appropriations in the following function/objects in the General Fund:

As of December 31, 2002:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Public Safety			
Employee Retirement	\$100,000	\$123,701	(\$23,701)
New Buildings	25,000	28,840	(3,840)
Tools & Equipment	25,000	35,690	(10,690)
Insurance	50,000	83,209	(33,209)

As of December 31, 2001:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Capital Outlay			
Tools & Equipment	\$0	\$250,924	(\$250,924)

The Clerk should deny payment requests exceeding appropriations. The Clerk may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.



**Auditor of State
Betty Montgomery**

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CUMBERLAND TRAIL FIRE DISTRICT

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
SEPTEMBER 9, 2003**