



Certified Public Accountants, A.C.

**CUMBERLAND TRAIL FIRE DISTRICT
BELMONT COUNTY
Regular Audit
For the Years Ended December 31, 2018 and 2017**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
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Cambridge, OH 43725
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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Cumberland Trail Fire District
PO Box 505
St. Clairsville, OH 43950-1552

We have reviewed the *Independent Auditor's Report* of the Cumberland Trail Fire District, Belmont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Cumberland Trail Fire District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 24, 2019

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CUMBERLAND TRAIL FIRE DISTRICT
BELMONT COUNTY

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INDEPENDENT AUDITOR'S REPORT

May 30, 2019

Cumberland Trail Fire District
Belmont County
142 S. Marietta Street
P.O. Box 505
St. Clairsville, OH 43950

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of **Cumberland Trail Fire District**, Belmont County, (the District) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinions on this accounting basis are in the *Additional Opinion Qualification* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2018 and 2017, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Cumberland Trail Fire District, Belmont County as of December 31, 2018 and 2017, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2019, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**CUMBERLAND TRAIL FIRE DISTRICT
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 1,806,423	\$ -	\$ 1,806,423
Charges for Services	640,576	-	640,576
Intergovernmental	171,140	-	171,140
Earnings on Investments	26,836	-	26,836
Miscellaneous	83,388	-	83,388
	<u>2,728,363</u>	<u>-</u>	<u>2,728,363</u>
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
Salaries	1,229,736	-	1,229,736
Fringe Benefits	727,775	-	727,775
Repairs	51,558	-	51,558
Purchased Services	77,883	-	77,883
Assessments	51,131	-	51,131
Materials and Supplies	66,913	-	66,913
Equipment/Capital Outlay	24,773	-	24,773
Contracts	4,500	-	4,500
Grants	14,761	-	14,761
Other	132,773	-	132,773
Debt Service:			
Principal Retirement	75,528	-	75,528
Interest and Fiscal Charges	4,200	-	4,200
	<u>2,461,531</u>	<u>-</u>	<u>2,461,531</u>
<i>Total Cash Disbursements</i>			
	<u>266,832</u>	<u>-</u>	<u>266,832</u>
<i>Excess of Receipts Over (Under) Disbursements</i>			
Other Financing Receipts (Disbursements)			
Transfers In	-	266,832	266,832
Transfers Out	(266,832)	-	(266,832)
	<u>(266,832)</u>	<u>266,832</u>	<u>-</u>
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balance</i>			
	-	266,832	266,832
<i>Fund Cash Balance, January 1</i>			
	<u>984,703</u>	<u>350,000</u>	<u>1,334,703</u>
Fund Cash Balance, December 31			
Committed	-	616,832	616,832
Unassigned	984,703	-	984,703
	<u>984,703</u>	<u>616,832</u>	<u>1,601,535</u>
<i>Fund Cash Balance, December 31</i>			
	<u>\$ 984,703</u>	<u>\$ 616,832</u>	<u>\$ 1,601,535</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
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Cumberland Trail Fire District, Belmont County, (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one elected member from their respective board and additional member who resides in the political subdivision. Those subdivisions are the City of St. Clairsville and Richland Township. 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project fund:

Capital Projects The Fire District currently has a balance of \$616,832 in the Capital Project Fund that it intends on using for future renovations/upgrades/construction of current fire stations.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Cumberland Trail Fire District
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

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 Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 4.

Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

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.

Cumberland Trail Fire District
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$56,363 in 2018.

Cumberland Trail Fire District
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,476,214	\$ 2,728,363	\$ 252,149
Capital Projects	-	266,832	266,832
Total	\$ 2,476,214	\$ 2,995,195	\$ 518,981

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,672,000	\$ 2,728,363	\$ (56,363)
Total	\$ 2,672,000	\$ 2,728,363	\$ (56,363)

Note 5 – Deposits and Investments

The District maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2018
Demand deposits	\$ 74,749
Total deposits	74,749
STAR Ohio	1,526,786
Total investments	1,526,786
Total deposits and investments	\$ 1,601,535

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Cumberland Trail Fire District
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 7 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Note 8 – Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

District certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

Ohio Public Employees Retirement System

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, of participants' gross salaries. The District has paid all contributions required through December 31, 2018

Cumberland Trail Fire District
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 – Defined Benefit Pension Plans (Continued)

Social Security

District's part-time employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

Note 9 - Postemployment Benefits

Both OP&F and OPERS offer costs-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. OP&F contributes 0.5 percent for the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses

Note 10 – Debt

Capital Lease Obligations outstanding at December 31, 2018 was as follows:

	Principal
Capital Lease Obligations	\$ 77,599
Total	\$ 77,599

The District entered into a Capital Lease with Santander in 2014 to acquire a new fire truck.

Amortization

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

Year Ending December 31:	Principal	Interest
2019	\$ 77,599	\$ 2,128
Total	\$ 77,599	\$ 2,128

**CUMBERLAND TRAIL FIRE DISTRICT
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 1,736,968	\$ -	\$ 1,736,968
Charges for Services	559,460	-	559,460
Intergovernmental	180,136	-	180,136
Miscellaneous	89,000	-	89,000
	<u>2,565,564</u>	<u>-</u>	<u>2,565,564</u>
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
Salaries	1,196,637	-	1,196,637
Fringe Benefits	653,394	-	653,394
Repairs	57,887	-	57,887
Purchased Services	77,630	-	77,630
Assessments	80,900	-	80,900
Materials and Supplies	70,123	-	70,123
Equipment/Capital Outlay	307,609	-	307,609
Contracts	6,390	-	6,390
Grants	2,400	-	2,400
Other	132,408	-	132,408
Debt Service:			
Principal Retirement	73,512	-	73,512
Interest and Fiscal Charges	6,216	-	6,216
	<u>2,665,106</u>	<u>-</u>	<u>2,665,106</u>
<i>Total Cash Disbursements</i>			
	<u>(99,542)</u>	<u>-</u>	<u>(99,542)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>			
Other Financing Receipts (Disbursements)			
Transfers In	-	100,000	100,000
Transfers Out	(100,000)	-	(100,000)
	<u>(100,000)</u>	<u>100,000</u>	<u>-</u>
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balance</i>	(199,542)	100,000	(99,542)
<i>Fund Cash Balance, January 1</i>	1,184,245	250,000	1,434,245
	<u>1,184,245</u>	<u>250,000</u>	<u>1,434,245</u>
Fund Cash Balance, December 31			
Committed	-	350,000	350,000
Assigned	195,786	-	195,786
Unassigned	788,917	-	788,917
	<u>788,917</u>	<u>-</u>	<u>788,917</u>
<i>Fund Cash Balance, December 31</i>	<u>\$ 984,703</u>	<u>\$ 350,000</u>	<u>\$ 1,334,703</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
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Cumberland Trail Fire District, Belmont County, (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one elected member from their respective board and additional member who resides in the political subdivision. Those subdivisions are the City of St. Clairsville and Richland Township. 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project fund:

Capital Projects The Fire District currently has a balance of \$350,000 in the Capital Project Fund that it intends on using for future renovations/upgrades/construction of current fire stations.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Cumberland Trail Fire District
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

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 Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 4.

Deposits

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

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.

Cumberland Trail Fire District
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$10,605 in 2017.

Cumberland Trail Fire District
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,319,236	\$ 2,565,564	\$ 246,328
Capital Projects	-	100,000	100,000
Total	\$ 2,319,236	\$ 2,665,564	\$ 346,328

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,754,500	\$ 2,765,105	(\$10,605)
Total	\$ 2,754,500	\$ 2,765,105	(\$10,605)

Note 5 – Deposits

The District maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2017 was as follows:

	2017
Demand deposits	\$ 1,334,703
Total deposits	1,334,703

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Cumberland Trail Fire District
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 7 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Note 8 – Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

District certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

Ohio Public Employees Retirement System

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, of participants' gross salaries. The District has paid all contributions required through December 31, 2018

Cumberland Trail Fire District
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 – Defined Benefit Pension Plans (Continued)

Social Security

District's part-time employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

Note 9 - Postemployment Benefits

Both OP&F and OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OP&F contributes 0.5 percent of the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

Note 10 – Debt

Capital Lease Obligations outstanding at December 31, 2017 was as follows:

	Principal
Capital Lease Obligations	\$ 153,127
Total	\$ 153,127

The District entered into a Capital Lease with Santander in 2014 to acquire a new fire truck.

Amortization

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

Year Ending December 31:	Principal	Interest
2018	\$ 75,528	\$ 4,200
2019	77,599	2,128
Total	\$ 153,127	\$ 6,328



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749 Wheeling Ave., Suite 300
Cambridge, OH 43725
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

May 30, 2019

Cumberland Trail Fire District
Belmont County
142 S. Marietta Street
P.O. Box 505
St. Clairsville, OH 43950

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of **Cumberland Trail Fire District**, Belmont County, (the District) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated May 30, 2019, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

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Compliance and Other Matters

As part of reasonably assuring whether the Districts' 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, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-002.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**CUMBERLAND TRAIL FIRE DISTRICT
BELMONT COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

FINDING NUMBER 2018-001

Material Weakness

GASB 54

The Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

Nonspendable Fund Balance- The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. (GASB 54 ¶6)

Restricted Fund Balance- The restricted classification is used when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments (i.e., State Statutes); or (b) imposed by law through constitutional provisions (City Charter) or enabling legislation. (GASB 54 ¶8)

Committed Fund Balance- The committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. (GASB 54 ¶10)

Assigned Fund Balance- Assigned fund balance includes amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed (GASB 54 ¶13).

Unassigned Fund Balance- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund (GASB 54 ¶17).

The District did not present any fund balances in accordance with GASB 54. Auditor of State Bulletin 2011-004 clarifies the impact of GASB 54 on Ohio governmental units and provides guidance on implementation.

We recommend the District review the GASB 54 statement and guidance and implement GASB 54 in the future. The District should also present funds in accordance with the standards when preparing the financial statements.

Management’s Response – We did not receive a response from management to the finding above.

CUMBERLAND TRAIL FIRE DISTRICT
BELMONT COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2018-002

Noncompliance

Ohio Revised Code, § 5705.41(B), provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated. In 2018 and 2017, we noted expenditures exceeding appropriations in the General Fund.

- Expenditures exceeded appropriations in the General Fund by \$56,363 in 2018 and \$10,605 in 2017 due to transfers from the General Fund to the Capital Projects fund at year end.

The budgeting process is an essential monitoring control that, when properly used, reduces the possibility of the District encountering deficit spending.

The Fiscal should not certify the availability of funds and should deny payment requests exceeding appropriations. The Treasurer may request the Board of Education to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Management's Response – We did not receive a response from management to the finding above.

OHIO AUDITOR OF STATE KEITH FABER



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
JULY 9, 2019**