



**MORROW COUNTY FIREFIGHTERS AND SQUADMENS ASSOCIATION
MORROW COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2019 - 2018**

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
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Directors
Morrow County Firefighters and Squadmens Association
140 S. Main Street
Mount Gilead, Ohio 43338

We have reviewed the *Independent Auditor's Report* of the Morrow County Firefighters and Squadmens Association, Morrow County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. 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 Morrow County Firefighters and Squadmens Association 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 01, 2022

This page intentionally left blank.

MORROW COUNTY FIREFIGHTERS AND SQUADMENS ASSOCIATION
MORROW COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report.....	1
Financial Statements:	
Statement of Financial Position – Modified Cash Basis	3
Statement of Activities – Modified Cash Basis	4
Statement of Functional Expenses – Modified Cash Basis.....	5
Statement of Cash Flows – Modified Cash Basis	6
Notes to the Financial Statements.....	7
Independent Auditor's Report on Internal Control over	10
Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards	

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

Morrow County Firefighters and Squadmens Association
Morrow County
140 S. Main Street
Mt. Gilead, Ohio 43338

To the Board of Directors:

We have audited the accompanying financial statements of the **Morrow County Firefighters and Squadmens Association, Morrow County**, (the Association) (a nonprofit organization) which comprise the statement of financial position – modified cash basis as of December 31, 2019 and 2018, and the related statements of activities – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 Association'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 Association's internal control. Accordingly, we express no such 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 opinion.

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Morrow County Firefighters and Squadmens Association as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2B.

Accounting Basis

We draw attention to Note 2B of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 7 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Association. In addition, as discussed in Note 2A, during 2018, the Association implemented ASU 2016-14, Not-For-Profit Entities (Topic 958) Presentation of Financial Statements for Not-For-Profit Entities and applied to both December 31, 2019 and 2018 financial statements. We did not modify our opinion regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2022, on our consideration of the Association'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 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 Association's internal control over financial reporting and compliance.



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

May 20, 2022

**MORROW COUNTY FIREFIGHTERS & SQUADSMENS ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2019 AND 2018**

	2019	2018
ASSETS		
Current Assets:		
911 Operating Account	\$ 502,192	\$ 193,033
EMS Operating Account	45,433	61,614
Lockbox Account	961,426	1,024,711
Payroll Account	75,150	15,582
Total Assets	1,584,201	1,294,940
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	26,156	15,930
Payroll Liabilities	22,150	18,259
Total Current Liabilities	48,306	34,189
Net Assets:		
Net Assets Without Donor Restrictions	1,535,895	1,260,751
Total Net Assets	1,535,895	1,260,751
TOTAL LIABILITIES AND NET ASSETS	\$ 1,584,201	\$ 1,294,940

The accompanying notes are an integral part of the financial statements.

**MORROW COUNTY FIREFIGHTERS & SQUADSMENS ASSOCIATION
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
Revenues:		
Contributions - EMS	\$ 2,600	\$ 1,025
911 Assessment Receipts	765,742	400,503
EMS Levy Receipts	1,342,480	1,389,742
Wireless 911 Grant	90,563	89,056
Other Government Grants	211,316	-
Interest Income	82	102
Miscellaneous Income	8,266	48,055
Revenue Recovery Receipts	909,050	801,361
Total Revenues	3,330,099	2,729,844
Expenses:		
Program Services		
EMS Program	2,267,940	1,878,497
911 Program	400,955	289,311
General and Administrative	386,060	408,291
Total Expenses	3,054,955	2,576,099
Change in Net Assets	275,144	153,745
Net Assets - Beginning of Year	1,260,751	1,107,006
Net Assets - End of Year	\$ 1,535,895	\$ 1,260,751

The accompanying notes are an integral part of the financial statements.

**MORROW COUNTY FIREFIGHTERS & SQUADSMENS ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	EMS Program		911 Program		General and Administrative		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Expenses:								
Advertising Expense	\$ -	\$ -	\$ -	\$ -	\$ 40	\$ -	\$ 40	\$ -
Bank Service Charges	-	-	-	-	1,352	1,367	1,352	1,367
Fines, Penalties, and Judgements	-	-	-	-	1,689	70	1,689	70
Capital Equipment	524,518	240,573	47,089	3,036	-	-	571,607	243,609
Contract Services	43,348	58,383	287	185	32,058	6,270	75,693	64,838
Facilities and Equipment	197,969	207,736	23,961	23,555	64,383	31,652	286,313	262,943
Operations	83,516	89,369	28,626	105	3,008	3,868	115,150	93,342
Supplies	90,696	69,075	144	21	3,935	2,961	94,775	72,057
Telephone	8,199	13,279	19,931	21,467	11,973	12,708	40,103	47,454
Uniform Expense	10,136	8,814	-	-	2,080	2,552	12,216	11,366
Health Insurance	-	-	-	-	24,930	-	24,930	-
Liability Insurance	34,844	33,847	-	-	352	342	35,196	34,189
Membership and Dues	-	-	-	-	1,286	929	1,286	929
Miscellaneous	-	-	-	-	6,272	21,247	6,272	21,247
Payroll Expense	1,273,804	1,155,366	265,376	237,869	229,992	305,832	1,769,172	1,699,067
Training Expense	910	2,055	15,541	3,073	-	18,493	16,451	23,621
Conferences and Meetings	-	-	-	-	2,710	-	2,710	-
Total Expenses	\$ 2,267,940	\$ 1,878,497	\$ 400,955	\$ 289,311	\$ 386,060	\$ 408,291	\$ 3,054,955	\$ 2,576,099

The accompanying notes are an integral part of the financial statements.

MORROW COUNTY FIREFIGHTERS & SQUADSMENS ASSOCIATION
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash Flow from Operating Activities:		
Change in Net Assets	\$ 275,144	\$ 153,745
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Change in Accounts Payable	10,226	(73,323)
Change in Payroll Liabilites	3,891	(24,358)
Net Cash Provided by Operating Activities	289,261	56,064
Net Change in Cash and Cash Equivalents	289,261	56,064
Cash and Cash Equivalents - Beginning of Year	1,294,940	1,238,876
Cash and Cash Equivalents - End of Year	\$ 1,584,201	\$ 1,294,940

The accompanying notes are an integral part of the financial statements.

MORROW COUNTY FIREFIGHTERS & SQUADMENS ASSOCIATION
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. NATURE OF ACTIVITIES

Morrow County Firefighters & Squadmens Association (the Association) is a non-profit organization exempt from tax under Section 501(C)(4) of the Internal Revenue Code. They provide fire protection, emergency services and operate the County's 911 Center. There are 8 voting members of the Board: Fire Chief of Mt. Gilead, Fire Chief of Cardington, Fire Chief of Big Walnut Joint Fire Department, Fire Chief of Perry- Congress Fire Department, Fire Chief of Iberia Volunteer Fire Company, Dispatch Supervisor, Senior Lieutenant, and a Captain. Morrow County Firefighters and Squadmens Association is dependent upon the continued support from the community in regard to the EMS levy being successfully approved by voters.

The Association's management believes these financial statements present all activities for which the Association is financially accountable.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958: Financial Statements of Not-for-Profit Organizations. Under ASC 958, the Association is required to report net assets and revenues, expenses, gains and losses based upon the existence or absence of donor-imposed stipulations. In 2018, the Association adopted Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) Presentation of Financial Statements for Not-for-Profit Entities and applied to both the December 31, 2019 and 2018 financial statements. Changes include net asset classification requirements and information presented in the financial statements and notes about the Association's liquidity, financial performance and cash flows. Accordingly, the net assets of the Association and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net assets with donor restrictions: Net assets whose use is limited by donor- imposed time and/or purpose restrictions. There were no assets with donor restrictions at December 31, 2019 or December 31, 2018.

B. Basis of Accounting

The accounting records are maintained on the modified cash basis for both financial statement and federal tax reporting purposes. The Association's financial instruments consist of cash accounts and accounts payable. Consequently, revenues are recognized when received rather than when earned and certain expenses are recorded when paid rather than when the obligation is incurred.

As a result of the use of the modified cash basis of accounting, certain noncash assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**MORROW COUNTY FIREFIGHTERS & SQUADMENS ASSOCIATION
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Association considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

D. Property and Equipment

The Association has no property and equipment. Per the Association's contract with the County, all property and equipment is owned by the County.

E. Revenues

The Association receives money from an EMS levy approved by the Morrow County voters, 911 assessment receipts, grants, reimbursements and monies from insurance companies. Per the contract with Morrow County, the Association may not charge Morrow County residents for services except for what they may charge and collect for said services if insurance benefits are available to any persons receiving emergency squad services but only to the extent said insurance benefits are available for payment. Non-County residents are billed for the entire cost amount, regardless of insurance benefits.

F. Concentration of Risk

The Corporation maintains its cash balances in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Corporation's deposits may at times exceed the insured limit.

G. Income Taxes

The Association is not-for-profit organization that is exempt from income taxes under Section 501(C)(4) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

H. Functional Allocation of Expenses

The costs of providing the program and related activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the EMS and 911 programs and the General and Administrative services benefited.

NOTE 3. LIQUIDITY

The Association's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2019</u>	<u>2018</u>
Financial Assets, at year end		
Cash and Cash Equivalents	\$ 1,584,201	\$ 1,294,940

**MORROW COUNTY FIREFIGHTERS & SQUADMENS ASSOCIATION
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 4. FUNCTIONAL EXPENSES

Expenses of the Association are categorized by functional classification as follows:

	2019	2018
Program	\$ 2,668,895	\$ 2,167,808
General and Administrative	386,060	408,291
	\$ 3,054,955	\$ 2,576,099

Program expenses are those incurred by the Association while serving its purpose, providing fire protection, emergency services and operating the County's 911 Center. The remaining expenses that relate to the overall direction of the Association and are not identifiable with a particular program have report as general and administrative.

NOTE 5. RISK MANAGEMENT

The Association is subjected to certain type of risk in the performance of its normal functions. The include risks the Association might be subjected to by its employees in the performance of their normal duties. The Association manages these types of risk through commercial insurance.

NOTE 6. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Association are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

NOTE 7. SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Association. The impact on the Association's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

This page intentionally left blank.

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

Morrow County Firefighters and Squadmens Association
Morrow County
140 S. Main Street
Mt. Gilead, Ohio 43338

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 **Morrow County Firefighters and Squadmens Association**, Morrow County, (the Association) (a nonprofit organization), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated May 20, 2022, wherein we noted the financial impact of COVID-19 could impact subsequent periods of the Association. We also noted that the Association implemented ASU 2016-14, Not-For-Profit Entities (Topic 958) Presentation of Financial Statements for Not-For-Profit Entities and applied to both December 31, 2019 and 2018 financial statements.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Association's internal control over financial reporting (internal control) as a basis for designing 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 Association'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 Association'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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Compliance and Other Matters

As part of reasonably assuring whether the Association'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 financial statements. 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 Association's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Association'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

May 20, 2022

OHIO AUDITOR OF STATE KEITH FABER



MORROW COUNTY FIREFIGHTERS AND SQUADMENS ASSOCIATION, INC.

MORROW COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 6/14/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov