



**MORROW COUNTY FIREFIGHTERS AND SQUADMENS ASSOCIATION
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2021 - 2020**

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Board
Morrow County Firefighters and Squadmens Association
140 South 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, 2020 through December 31, 2021. 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

July 08, 2022

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MORROW COUNTY FIREFIGHTERS AND SQUADMENS ASSOCIATION
MORROW COUNTY

TABLE OF CONTENTS

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

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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:

Opinion

We have audited the financial statements of the **Morrow County Firefighters and Squadmens Association, Morrow County**, (a nonprofit organization) (the Association) which comprise the statements of financial position – modified cash basis as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with the modified cash basis of accounting described in Note 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and if applicable, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter — Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2022 on our consideration of Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Association's internal control over financial reporting and compliance.



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

June 10, 2022

**MORROW COUNTY FIREFIGHTERS & SQUADSMENS ASSOCIATION
STATEMENTS OF FINANCIAL POSITION - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2021 AND 2020**

	2021	2020
ASSETS		
Current Assets:		
911 Operating Account	\$ 1,057,920	\$ 850,773
EMS Operating Account	462,777	437,563
Lockbox Account	1,188,446	858,064
Payroll Account	156,082	66,875
Total Assets	2,865,225	2,213,275
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	30,820	18,590
Payroll Liabilities	19,107	30,000
Total Current Liabilities	49,927	48,590
Net Assets:		
Net Assets Without Donor Restrictions	2,815,298	2,164,685
Total Net Assets	2,815,298	2,164,685
TOTAL LIABILITIES AND NET ASSETS	\$ 2,865,225	\$ 2,213,275

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

**MORROW COUNTY FIREFIGHTERS & SQUADSMENS ASSOCIATION
STATEMENTS OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
Revenues:		
Contributions - EMS	\$ 575	\$ 280
911 Assessment Receipts	802,858	795,352
EMS Levy Receipts	2,411,007	1,531,935
Wireless 911 Grant	90,560	90,381
Other Government Grants	4,313	49,091
Interest Income	91	42
Miscellaneous Income	9,088	5,627
Revenue Recovery Receipts	887,156	800,746
Total Revenues	4,205,648	3,273,454
Expenses:		
Program Services		
EMS Program	2,480,686	1,636,003
911 Program	600,509	655,554
General and Administrative	473,840	353,107
Total Expenses	3,555,035	2,644,664
Change in Net Assets	650,613	628,790
Net Assets - Beginning of Year	2,164,685	1,535,895
Net Assets - End of Year	\$ 2,815,298	\$ 2,164,685

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

**MORROW COUNTY FIREFIGHTERS & SQUADSMENS ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	EMS Program		911 Program		General and Administrative		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Expenses:								
Bank Service Charges	\$ -	\$ -	\$ -	\$ -	\$ 1,758	\$ 2,245	\$ 1,758	\$ 2,245
Fines, Penalties, and Judgements	-	-	-	-	197	1,637	197	1,637
Capital Equipment	226,013	990	128,696	249,826	-	-	354,709	250,816
Contract Services	49,427	41,762	8,252	-	-	8,828	57,679	50,590
Facilities and Equipment	140,506	128,741	57,268	96,493	27,530	27,661	225,304	252,895
Operations	87,014	60,915	5,360	33,109	15,411	12,739	107,785	106,763
Supplies	121,763	113,139	134	88	3,836	4,060	125,733	117,287
Telephone	11,034	9,392	22,070	20,519	13,504	12,899	46,608	42,810
Uniform Expense	17,804	7,755	-	-	3,142	5,862	20,946	13,617
Health Insurance	-	-	-	-	173,819	37,533	173,819	37,533
Liability Insurance	38,200	37,101	-	-	386	375	38,586	37,476
Membership and Dues	-	-	-	-	2,712	831	2,712	831
Miscellaneous	-	-	-	-	14,742	18,440	14,742	18,440
Payroll Expense	1,772,524	1,218,444	378,139	253,843	212,703	219,997	2,363,366	1,692,284
Training Expense	16,401	17,764	590	1,676	4,100	-	21,091	19,440
Total Expenses	\$ 2,480,686	\$ 1,636,003	\$ 600,509	\$ 655,554	\$ 473,840	\$ 353,107	\$ 3,555,035	\$ 2,644,664

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

MORROW COUNTY FIREFIGHTERS & SQUADSMENS ASSOCIATION
STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flow from Operating Activities:		
Change in Net Assets	\$ 650,613	\$ 628,790
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Change in Accounts Payable	12,230	(7,566)
Change in Payroll Liabilites	(10,893)	7,850
Net Cash Provided by Operating Activities	651,950	629,074
Net Change in Cash and Cash Equivalents	651,950	629,074
Cash and Cash Equivalents - Beginning of Year	2,213,275	1,584,201
Cash and Cash Equivalents - End of Year	\$ 2,865,225	\$ 2,213,275

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, 2021 AND 2020

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, 2021 and 2020 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, 2021 or December 31, 2020.

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, 2021 AND 2020

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>2021</u>	<u>2020</u>
Financial Assets, at year end		
Cash and Cash Equivalents	\$ 2,865,225	\$ 2,213,275

**MORROW COUNTY FIREFIGHTERS & SQUADMENS ASSOCIATION
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 4. FUNCTIONAL EXPENSES

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

	2021	2020
Program	\$ 3,081,195	\$ 2,291,557
General and Administrative	473,840	353,107
	\$ 3,555,035	\$ 2,644,664

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 Association has evaluated subsequent events through June 10, 2022, the date the financial statements were available to be issued, and determined that there are no additional events which require recording or disclosure.

**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, 2021 and 2020, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2022.

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.

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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

June 10, 2022

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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 7/21/2022

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This report is a matter of public record and is available online at
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