



**MORROW COUNTY FIREFIGHTERS & SQUADSMEN ASSOCIATION
MORROW COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

MORROW COUNTY FIREFIGHTERS & SQUADSMEN ASSOCIATION
MORROW COUNTY
DECEMBER 31, 2017 and 2016

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Financial Statements:	
Statements of Assets, Liabilities and Net Assets-Modified Cash Basis	3
Statements of Revenues, Expenses and Change in Net Assets-Modified Cash Basis	4
Statements of Cash Flows – Modified Cash Basis.....	5
Notes to the Financial Statements.....	6
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	9

THIS PAGE INTENTIONALLY LEFT BLANK

OHIO AUDITOR OF STATE KEITH FABER



INDEPENDENT AUDITOR'S REPORT

Morrow County Firefighters & Squadsmen Association
Morrow County
140 South Main Street
Mount Gilead, Ohio 43338

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Morrow County Firefighters & Squadsmen Association, Morrow County, Ohio (the Association), (a not-for-profit corporation), which comprise the Statements of Assets, Liabilities, and Net Assets as of and for the years ended December 31, 2017 and 2016, the related Statements of Revenues, Expenses, and Change in Net Assets and Statements of Cash Flows 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 the modified cash accounting basis Note 1 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the Morrow County Firefighters & Squadsmen Association, Morrow County, Ohio, as of December 31, 2017 and 2016, and the respective changes in modified cash financial position thereof for the years then ended in accordance with the accounting basis described in Note 1.

Accounting Basis

We draw attention to Note 1 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2019, 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.



Keith Faber
Auditor of State

Columbus, Ohio

March 13, 2019

MORROW COUNTY FIREFIGHTERS & SQUADSMEN ASSOCIATION
MORROW COUNTY
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Assets		
Current Assets:		
911 Operating Account	\$ 170,317	\$ 163,842
EMS Operating account	53,807	(4,664)
Lockbox Account	1,000,605	792,072
Payroll Account	14,147	13,116
	\$ 1,238,876	\$ 964,366
<i>Total Assets</i>		
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 89,253	\$ 20,988
Payroll Liabilities	42,617	33,547
	131,870	54,535
Unrestricted Net Assets	\$ 1,107,006	\$ 909,831

MORROW COUNTY FIREFIGHTERS & SQUADSMEN ASSOCIATION
MORROW COUNTY
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Revenue		
Contributions - EMS	\$ 300	\$ -
911 Assessment Receipts	377,839	389,988
EMS Levy Receipts	1,404,508	1,347,808
Wireless 911 Grant	79,801	79,801
Interest Income	81	110
Miscellaneous Income	7,065	4,874
Revenue Recovery Receipts	921,682	806,204
<i>Total Revenue</i>	<u>2,791,276</u>	<u>2,628,785</u>
Expenses		
Bank Service Charges	1,068	1,211
Capital Equipment	302,701	161,975
Contract Services	66,878	54,334
Facilities and Equipment	234,123	260,077
Operations	68,194	63,466
Supplies	73,547	76,135
Telephone	40,002	44,812
Uniform Expense	12,228	10,205
Insurance	34,574	34,518
Memberships and Dues	895	921
Other Costs	17,598	7,345
Payroll	1,730,130	1,799,099
Travel and Meetings	928	0
Training Expenses	11,235	23,904
<i>Total Expenses</i>	<u>2,594,101</u>	<u>2,538,002</u>
<i>Increase in Net Assets</i>	<u>197,175</u>	<u>90,783</u>
<i>Net Assets Beginning of Year</i>	<u>909,831</u>	<u>819,048</u>
<i>Net Assets End of Year</i>	<u>\$ 1,107,006</u>	<u>\$ 909,831</u>

See accompanying notes to the financial statements

MORROW COUNTY FIREFIGHTERS & SQUADSMEN ASSOCIATION
MORROW COUNTY
STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 197,175	\$ 90,783
Increase in:		
Accounts Payable	68,265	5,184
Accrued Payroll Liabilities	9,070	5,078
NET CASH PROVIDED BY OPERATING ACTIVITIES	274,510	101,045
Increase in Cash and Cash Equivalents	274,510	101,045
<i>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</i>	<i>964,366</i>	<i>863,321</i>
<i>CASH AND CASH EQUIVALENTS, END OF YEAR</i>	<i>\$ 1,238,876</i>	<i>\$ 964,366</i>

See accompanying notes to the financial statements

MORROW COUNTY FIREFIGHTERS & SQUADSMEN ASSOCIATION
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business Activity

Morrow County Firefighters & Squadsmen 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 Squadsmen Association is dependent upon the continued support from the community in regards 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.

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 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.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ASC 958, Financial Statements of Non-for-Profit Organizations. Under ASC 958, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. No temporarily restricted and permanently restricted net assets were held and, accordingly, these financial statements do not reflect any activity related to these classes of net assets. As permitted by this statement, the Association does not use fund accounting.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

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.

Revenues

The Association receives money from an EMS levy approved by 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 even after insurance benefits have.

MORROW COUNTY FIREFIGHTERS & SQUADSMEN ASSOCIATION
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Risk

The Association maintained bank accounts at Chase Bank. Combined, the accounts have in excess of the federally insured level of \$250,000.

Income Taxes

The Association is a 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.

The Association's Form 990, Return of Organization Exempt from Income Tax, for the years ending 2017, 2016 and 2015 are subject to examination by the IRS, generally for three years after they are filed

2. RISK MANAGEMENT

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

THIS PAGE INTENTIONALLY LEFT BLANK.

OHIO AUDITOR OF STATE KEITH FABER



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

Morrow County Firefighters & Squadsmen Association
Morrow County
140 South Main Street
Mount 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 modified cash-basis financial statements of the Morrow County Firefighters & Squadsmen Association, Morrow County, (the Association) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements and have issued our report thereon dated March 13, 2019, wherein we noted the Association uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Association'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 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.

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 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 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.



Keith Faber
Auditor of State

Columbus, Ohio

March 13, 2019

OHIO AUDITOR OF STATE
KEITH FABER



MORROW COUNTY FIREFIGHTERS AND SQUADSMEN ASSOCIATION, INC.

MORROW 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
MARCH 28, 2019**