

**MORROW COUNTY FIREFIGHTERS & SQUADSMEN ASSOCIATION**  
**AUDIT REPORT**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014**

**Wilson, Phillips & Agin, CPA's, Inc.**  
**1100 Brandywine Blvd. Building G**  
**Zanesville, Ohio 43701**





# Dave Yost • Auditor of State

Board  
Morrow County Firefighters Squadmen Association  
140 South Main Street  
Mt. Gilead, Ohio 43338

We have reviewed the *Independent Auditors' Report* of the Morrow County Firefighters Squadmen Association, Morrow County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2014 through December 31, 2015. 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 Squadmen Association is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

October 26, 2016

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MORROW COUNTY FIREFIGHTERS & SQUADSMEN ASSOCIATION

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Morrow County Firefighters & Squadsmen Association  
140 S. Main Street  
Mt. Gilead, Ohio 43338

To the Board:

**Report on the Financial Statements**

We have audited the accompanying financial statements of Morrow County Firefighters & Squadsmen Association (a nonprofit organization) which comprise the statements of assets, liabilities, and net assets – modified cash basis, as of December 31, 2015 and 2014 and the related statements of support, revenue, and expenses – modified cash basis and cash flows – modified cash basis for the year then ended and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk assessments of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Morrow County Firefighters & Squadsmen Association as of December 31, 2015 and 2014, and its support, revenue and expenses and cash flows for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 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.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedules of Revenues and Schedules of Operating Expenses on pages 8 through 11 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated August 18, 2016, on our consideration of the Morrow County Firefighters & Squadsmen 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. 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 Morrow County Firefighters & Squadsmen Association's internal control over financial reporting and compliance.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
August 18, 2016

**MORROW COUNTY FIREFIGHTERS & SQUADSMEN ASSOCIATION**  
**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS**  
**December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
<b>Current Assets:</b>		
911 Operating Account	\$ 153,254.24	\$ 90,856.43
EMS Operating account	54,984.05	49,129.57
Lockbox Account	584,728.46	632,705.80
Payroll Account	70,354.13	83,992.68
<b>Total Assets</b>	<b>\$ 863,320.88</b>	<b>\$ 856,684.48</b>
 <b>Liability and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 15,803.95	\$ 9,084.92
Payroll Liabilities	28,469.00	72,183.59
<b>Total Current Liabilities</b>	44,272.95	81,268.51
 <b>Net Assets</b>	<b>\$ 819,047.93</b>	<b>\$ 775,415.97</b>
 <b>Total Liability and Net Assets</b>	<b>\$ 863,320.88</b>	<b>\$ 856,684.48</b>

See notes to financial statements.



**MORROW COUNTY FIREFIGHTERS & SQUADSMEN ASSOCIATION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS - MODIFIED CASH BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues:</b>		
Contributions - EMS	\$ -	\$ 285.00
911 Assessment Receipts	394,845.24	373,679.08
EMS Levy Receipts	1,337,769.34	1,371,858.03
Code Red Reimbursements	13,000.00	-
Wireless 911 Grant	79,800.81	82,500.00
Interest Income	135.80	176.24
Miscellaneous Income	7,901.24	2,395.00
Revenue Recovery Receipts	661,048.63	705,201.73
<b>Total Revenues</b>	<u><u>\$ 2,494,501.06</u></u>	<u><u>\$ 2,536,095.08</u></u>
<b>Expenses</b>		
Advertising	\$ 136.79	\$ -
Bank Service Charges	1,055.91	805.09
Business Registration Fees	-	200.00
Capital Equipment	209,524.21	1,678.10
Contract Services	75,590.36	81,843.70
Facilities and Equipment	262,077.01	271,076.69
Operations	65,741.82	92,591.20
Supplies	82,261.80	73,320.83
Telephone	41,484.02	43,314.87
Uniform Expense	13,645.82	5,822.48
Insurance	34,059.50	33,360.50
Memberships and Dues	867.00	914.00
Other Costs	5,546.49	2,561.86
Payroll	1,651,084.84	1,699,545.66
Training Expenses	7,793.53	1,959.00
Travel and Meetings	-	408.00
<b>Total Expenses</b>	<u>2,450,869.10</u>	<u>2,309,401.98</u>
<b>Increase in Net Assets</b>	43,631.96	226,693.10
<b>Net Assets, Beginning of Year</b>	<u>775,415.97</u>	<u>548,722.87</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 819,047.93</u></u>	<u><u>\$ 775,415.97</u></u>

See notes to financial statements.

**MORROW COUNTY FIREFIGHTERS & SQUADSMEN ASSOCIATION**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in Net Assets	\$ 43,631.96	\$ 226,693.10
Adjustments to reconcile net assets to net cash provided by operating activities:		
Increase (Decrease) in:		
Accounts Payable	6,719.03	(4,233.08)
Accrued Payroll Liabilities	(43,714.59)	(13,268.72)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>6,636.40</b>	<b>209,191.30</b>
 <b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	 6,636.40	 209,191.30
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	 856,684.48	 647,493.18
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	 \$ 863,320.88	 \$ 856,684.48

See notes to financial statements.

**MORROW COUNTY FIREFIGHTERS & SQUADSMEN ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Business Activity**

Morrow County Firefighters & Squadmen 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.

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. Consequently, certain revenues are recognized when received rather than when earned and certain expenses are recorded when paid rather than when the obligation is incurred. Accordingly, the accompanying report is not intended to present financial position and results of operations in accordance with generally accepted accounting principles.

**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 county voters, 911 Assessment Receipts, Grants, reimbursements and monies from insurance companies. Per the contract with the 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 whether a County resident or not, but only to the extent said insurance benefits are available for payment.

**Concentration of Risk**

Morrow County Firefighters and Squadmen Association is a not-for-profit organization located in Morrow County, and is dependent upon the continued support from the community in regards to the EMS levy being successfully approved by voters.

**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 Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2015, 2014 and 2013 are subject to examination by the IRS, generally for three years after they were filed.

**MORROW COUNTY FIREFIGHTERS & SQUADSMEN ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fair Value of Financial Instruments**

The Association's financial instruments consist primarily of cash and accounts payable. The carrying value of financial instruments, other than debt instruments, are representative of their fair values due to their short-term maturities.

**2. SUBSEQUENT EVENTS**

The Association has evaluated subsequent events through August 18, 2016, the date which the financial statements were available to be issued.

**MORROW COUNTY FIREFIGHTERS & SQUADSMEN ASSOCIATION**  
**SCHEDULE OF REVENUES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>911</u>	<u>EMS</u>	<u>TOTAL</u>
<b>Revenues</b>			
911 Assessment Receipts	\$ 394,845.24	\$ -	\$ 394,845.24
EMS Levy Receipts	-	1,337,769.34	1,337,769.34
Code Red Reimbursements	13,000.00	-	13,000.00
Wireless 911 Grant	79,800.81	-	79,800.81
Interest Income	-	135.80	135.80
Other Income	-	7,901.24	7,901.24
Revenue Recovery Receipts	-	661,048.63	661,048.63
<b>Total Revenues</b>	<u>\$ 487,646.05</u>	<u>\$ 2,006,855.01</u>	<u>\$ 2,494,501.06</u>

See notes to financial statements.

**MORROW COUNTY FIREFIGHTERS & SQUADSMEN ASSOCIATION**  
**SCHEDULE OF REVENUES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>911</u>	<u>EMS</u>	<u>TOTAL</u>
<b>Revenues</b>			
Contributions	\$ -	\$ 285.00	\$ 285.00
911 Assessment Receipts	373,679.08	-	373,679.08
EMS Levy Receipts	-	1,371,858.03	1,371,858.03
Wireless 911 Grant	82,500.00	-	82,500.00
Interest Income	7.50	168.74	176.24
Other Income	-	2,395.00	2,395.00
Revenue Recovery Receipts	-	705,201.73	705,201.73
<b>Total Revenues</b>	<u>\$ 456,186.58</u>	<u>\$ 2,079,908.50</u>	<u>\$ 2,536,095.08</u>

See notes to financial statements.

**MORROW COUNTY FIREFIGHTERS & SQUADSMEN ASSOCIATION**  
**SCHEDULE OF OPERATING EXPENSES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Expenses</b>	<u>911</u>	<u>EMS</u>	<u>TOTAL</u>
Advertising	\$ -	\$ 136.79	\$ 136.79
Bank Service Charges	-	1,055.91	1,055.91
Capital Equipment	20,690.76	188,833.45	209,524.21
Contract Services	-	75,590.36	75,590.36
Facilities and Equipment:			
Building Rent	13,500.00	54,900.00	68,400.00
Repairs	1,898.31	2,876.63	4,774.94
Equipment Lease	36,681.92	18,055.68	54,737.60
LP Gas Expense	317.55	-	317.55
Maintenance Contract	59,859.48	10,698.57	70,558.05
Radio Tower Lease	11,064.00	-	11,064.00
Snow Removal	-	855.00	855.00
Squad Repairs	-	30,007.66	30,007.66
Utilities	-	21,362.21	21,362.21
Operations	4,009.49	61,732.33	65,741.82
Supplies	1,245.83	81,015.97	82,261.80
Telephone	20,957.32	20,526.70	41,484.02
Uniform Expense	866.00	12,779.82	13,645.82
Insurance	-	34,059.50	34,059.50
Memberships and Dues	137.00	730.00	867.00
Other Costs	770.00	4,776.49	5,546.49
Payroll	272,299.66	1,378,785.18	1,651,084.84
Training Expenses	-	7,793.53	7,793.53
<b>Total Expenses</b>	<u>\$ 444,297.32</u>	<u>\$ 2,006,571.78</u>	<u>\$ 2,450,869.10</u>

See notes to financial statements.

**MORROW COUNTY FIREFIGHTERS & SQUADSMEN ASSOCIATION**  
**SCHEDULE OF OPERATING EXPENSES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	911	EMS	TOTAL
<b>Expenses</b>			
Bank Service Charges	\$ -	\$ 805.09	\$ 805.09
Business Registration Fees	-	200.00	200.00
Capital Equipment	-	1,678.10	1,678.10
Contract Services	562.50	81,281.20	81,843.70
Facilities and Equipment:			
Building Rent	13,500.00	54,900.00	68,400.00
Repairs	2,796.00	3,878.25	6,674.25
Equipment Lease	30,416.20	24,075.34	54,491.54
LP Gas Expense	122.00	-	122.00
Maintenance Contract	72,427.00	8,060.82	80,487.82
Radio Tower Lease	10,968.00	-	10,968.00
Snow Removal	-	2,160.00	2,160.00
Squad Repairs	-	29,228.40	29,228.40
Utilities	-	18,544.68	18,544.68
Operations	29,558.30	63,032.90	92,591.20
Supplies	561.43	72,759.40	73,320.83
Telephone	20,315.83	22,999.04	43,314.87
Uniform Expense	-	5,822.48	5,822.48
Insurance	-	33,360.50	33,360.50
Memberships and Dues	274.00	640.00	914.00
Other Costs	164.00	2,397.86	2,561.86
Payroll	274,556.86	1,424,988.80	1,699,545.66
Training Expenses	949.00	1,010.00	1,959.00
Travel and Meetings	408.00	-	408.00
<b>Total Expenses</b>	<b>\$ 457,579.12</b>	<b>\$ 1,851,822.86</b>	<b>\$ 2,309,401.98</b>

See notes to financial statements.



**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

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

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

To the Board:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Morrow County Firefighters & Squadmens Association as of and for the years ended December 31, 2015 and 2014, and have issued our report thereon dated August 18, 2016, 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 Morrow County Firefighters & Squadmens 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 opinions 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 a 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 and was not designed to identify all deficiencies in internal control 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 obtaining reasonable assurance about whether Morrow County Firefighters & Squadmens 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 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 Associations's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Wilson, Phillips & Agin, CPA's, Inc..***  
Zanesville, Ohio  
August 18, 2016



# Dave Yost • Auditor of State

**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  
NOVEMBER 10, 2016**