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February 2, 2018

Board of Directors
Marrs Township Volunteer Fire Department, Inc.
P.O. Box 18055
Evansville, IN 47719

We have reviewed the report prepared by Marrs Township Volunteer Fire Department, Inc. and opined upon by Krueger & Associates, CPAs, LLC, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Marrs Township Volunteer Fire Department, Inc. as of December 31, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Krueger & Associates, CPAs, LLC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

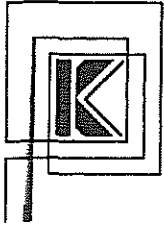

Paul D. Joyce, CPA
State Examiner

**MARRS TOWNSHIP VOLUNTEER
FIRE DEPARTMENT, INC.
Evansville, Indiana**

**FINANCIAL STATEMENTS
For the Years Ended December 31, 2016 and 2015**

MARRS TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
Evansville, Indiana

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Krueger & Associates, CPA's, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Marrs Township Volunteer Fire Department, Inc.

We have audited the accompanying financial statements of Marrs Township Volunteer Fire Department, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets—modified cash basis as of December 31, 2016 and 2015, and the related statements of support, revenue, and expenses—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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 risks 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 Marrs Township Volunteer Fire Department, Inc. as of December 31, 2016 and 2015, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as 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.

Krueger & Associates, CPA's, LLC
Krueger & Associates, CPA's, LLC

Jasper, Indiana
October 2, 2017

MARRS TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
Evansville, Indiana

EXHIBIT A

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS

ASSETS

	December 31,	
	2016	2015
CURRENT ASSETS		
Cash - payroll	\$8,043	\$10,583
Cash - CSB fund drive	54,875	12,359
Cash - sweep	35,851	97,065
Cash - operating	2,102	0
Cash - truck replacement	2,559	2,556
Revenue receivable	1,113	0
	104,543	122,563
TOTAL CURRENT ASSETS		
	104,543	122,563
TOTAL ASSETS	\$104,543	\$122,563

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Current portion of long-term debt	\$69,400	\$66,625
Bank overdraft	0	4,358
Accrued payroll taxes	892	839
	70,292	71,822
LONG-TERM DEBT		
Notes payable	448,653	517,937
TOTAL LIABILITIES	518,945	589,759
NET ASSETS		
Unrestricted		
Undesignated	(453,450)	(506,244)
Board designated	39,048	39,048
	(414,402)	(467,196)
TOTAL NET ASSETS		
	(414,402)	(467,196)
TOTAL LIABILITIES AND NET ASSETS	\$104,543	\$122,563

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

MARRS TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
Evansville, Indiana

EXHIBIT B

STATEMENTS OF REVENUE, EXPENSES AND
 CHANGES IN NET ASSETS - MODIFIED CASH BASIS
 For the Years Ended December 31,

	2015	2015
SUPPORT AND REVENUE		
Support:		
Grants and contributions	\$44,717	\$69,990
	44,717	69,990
Revenue:		
Governmental contracts	288,200	334,410
Miscellaneous	3,462	400
Gain (loss) on sale of assets	(35)	25,000
Interest	94	208
	291,721	360,018
Total Support and Revenue	336,438	430,008
EXPENSES		
Program Services:		
Equipment and vehicle maintenance	43,224	29,592
Fuel and oil	5,702	5,855
Supplies	3,310	2,711
Training	8,340	8,120
Member social expense	11,170	4,964
Member incentives	9,367	10,683
Protective clothing	4,310	8,193
Equipment purchases	36,494	486,986
Other	2,322	1,690
	124,239	558,794

MARRS TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
Evansville, Indiana

EXHIBIT B (CONTINUED)

STATEMENTS OF REVENUE, EXPENSES AND
 CHANGES IN NET ASSETS - MODIFIED CASH BASIS
 For the Years Ended December 31,

	2015	2015
Supporting Services:		
Insurance	32,454	31,428
Wages	29,670	31,610
Payroll taxes	2,662	3,169
Professional fees	7,152	6,844
Donations	0	500
Office supplies and equipment	6,304	7,327
Fund drive	4,768	4,674
Utilities and telephone	14,108	14,872
Building maintenance	35,279	10,131
Interest	23,491	17,030
Other	3,517	5,157
	159,405	132,742
Total Expenses	283,644	691,536
Increase (Decrease) in Net Assets	52,794	(261,528)
Net Assets - Unrestricted - Beginning of Year	(467,196)	(205,668)
Net Assets - Unrestricted - End of Year	(\$414,402)	(\$467,196)

The accompanying notes are an integral part of the financial statements

MARRS TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

Notes to Financial Statements

NOTE 1–NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities

Marrs Township Volunteer Fire Department, Inc. was established to provide fire, emergency medical and rescue services to governmental units located in Posey County, Indiana. The Department's primary source of revenue is from contracts with these governmental units.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. Under this method of accounting, revenues are recognized when received and expenses when paid. The Department records notes payable.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its FASB ASC 958, formerly Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*. Under FASB ASC 958, the Organization 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 or permanently restricted assets were held during 2016 and 2015, and accordingly, these financials do not reflect any activity related to these classes of net assets for 2016 and 2015.

Contributions

Contributions are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. The Department has not received any contributions with donor imposed restrictions.

Income Taxes

The Department is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. There are no material tax provisions taken by the organization which require recognition or disclosure under the provisions of FASB ASC 740 (formerly FIN 48) "Accounting for Uncertainty in Income Taxes". The organization's federal and state income tax returns for all years after 2013 are subject to examination by taxing authorities.

MARRS TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

Notes to Financial Statements

NOTE 1–NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED):

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through October 2, 2017, the date of which the financial statements were available to be issued.

NOTE 2–CASH RECEIVED FROM GOVERNMENTAL UNITS:

<u>Governmental Unit</u>	<u>2016</u>	<u>2015</u>
Marrs Township	\$264,200	\$260,000
Robinson Township	24,000	74,410

NOTE 3–CONCENTRATION OF CREDIT RISK:

Approximately 86 and 78 percent of support and revenue in 2016 and 2015, respectively, was from contracts with two Posey County Indiana townships. See Note 2.

The Department maintains their cash in bank deposit accounts at quality financial institutions. The balances, at times, may exceed federally insured limits. At December 31, 2016 and 2015, the balances exceeded federally insured limits by approximately \$ 0 and \$ 0, respectively

MARRS TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

Notes to Financial Statements

NOTE 4--LONG-TERM DEBT:

At December 31, Long-term debt consisted of the following:

	<u>2016</u>	<u>2015</u>
5.25% mortgage payable to CSB State Bank, secured by a building, payable in monthly installment of \$2,913, maturing in March 2031	\$252,841	\$280,763
3.25% note payable to CSB State Bank, secured by a vehicle, payable in monthly installments of \$3,600 maturing in October 2023	<u>265,212</u>	<u>303,799</u>
	518,053	584,562
Less: current portion of long-term debt:	<u>69,400</u>	<u>66,625</u>
	<u>\$448,653</u>	<u>\$517,937</u>

Maturities of long-term debt for the next five years and subsequently are as follows:

<u>December 31,</u>	
2017	\$ 69,400
2018	72,301
2019	75,331
2020	78,496
2021 and thereafter	<u>222,525</u>
	<u>\$518,053</u>

Interest paid on the above notes for the year ended December 31, 2016 and 2015 was \$23,491 and \$17,030, respectively.