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April 13, 2018

Board of Directors
German Township Volunteer Fire Department, Inc.
8400 Saint Wendel Road
Evansville, IN 47720

We have reviewed the report prepared by German Township Volunteer Fire Department, Inc. and opined upon by Weinzapfel & Co., LLC, Independent Public Accountants, for the period January 1, 2014 to December 31, 2015. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of German Township Volunteer Fire Department, Inc. as of December 31, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Weinzapfel & Co., 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.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

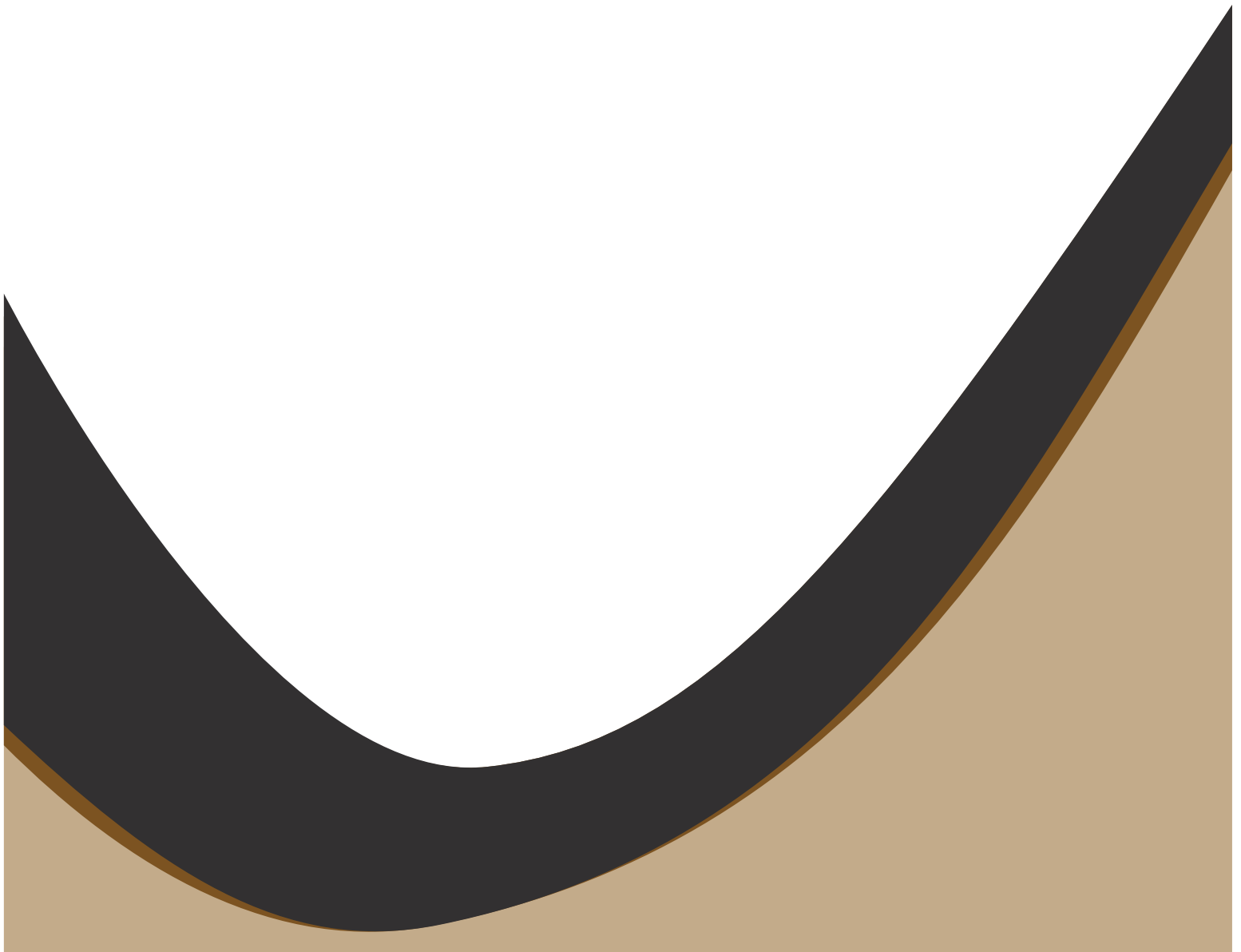


WEINZAPFEL & Co., LLC

GERMAN TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014



CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of assets, liabilities and net assets - modified cash basis	3
Statements of revenues, expenses and changes in net assets - modified cash basis	4
Statements of functional expenses - modified cash basis	5
Notes to financial statements	7



WEINZAPFEL & Co., LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of German 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, 2015 and 2014, and the related statements of revenues, expenses and changes in net assets and functional 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 audit. 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of German Township Volunteer Fire Department, Inc. as of December 31, 2015 and 2014, and its revenues, expenses and changes in net assets 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.

Weinappfel & Co., PLLC

Evansville, Indiana
December 19, 2016

GERMAN TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

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

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 350,316	\$ 302,034
PROPERTY AND EQUIPMENT, net	<u>246,392</u>	<u>264,774</u>
Total Assets	<u><u>\$ 596,708</u></u>	<u><u>\$ 566,808</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current portion of capital lease obligation	\$ 16,756	\$ 73,824
Withheld taxes	<u>2,206</u>	<u>3,014</u>
Total current liabilities	18,962	76,838
CAPITAL LEASE OBLIGATION, less current portion	<u>56,400</u>	<u>73,572</u>
Total liabilities	75,362	150,410
NET ASSETS	<u>521,346</u>	<u>416,398</u>
Total Liabilities and Net Assets	<u><u>\$ 596,708</u></u>	<u><u>\$ 566,808</u></u>

See Notes to Financial Statements

GERMAN TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
REVENUES		
Government contract services	\$ 301,250	\$ 374,980
Contributions	60,996	46,773
Program service fees	5,940	3,109
Rental income	4,500	4,500
Interest income	-	36
Other revenue	932	1,040
	<u>373,618</u>	<u>430,438</u>
Total revenues		
EXPENSES		
Program services	230,486	282,418
Administrative	35,665	45,454
Fundraising	2,519	1,707
	<u>268,670</u>	<u>329,579</u>
Total expenses		
Increase in Net Assets	104,948	100,859
Net Assets - Beginning of Year	<u>416,398</u>	<u>315,539</u>
Net Assets - End of Year	<u>\$ 521,346</u>	<u>\$ 416,398</u>

See Notes to Financial Statements

GERMAN TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS YEAR ENDED DECEMBER 31, 2015

	Program			Total
	Services	Administrative	Fundraising	
Wages	\$ 46,946	\$ 9,615	\$ -	\$ 56,561
Apparatus maintenance	35,285	-	-	35,285
Insurance	33,431	-	-	33,431
Depreciation and amortization	31,305	841	-	32,146
Retention costs	17,915	2,430	-	20,345
Utilities	14,421	1,967	-	16,388
Professional fees	1,003	12,210	-	13,213
Communications	9,726	-	-	9,726
Fuel	8,591	-	-	8,591
Payroll taxes	4,920	874	-	5,794
Office expense	-	5,655	-	5,655
Interest expense	5,267	-	-	5,267
Building maintenance	4,626	631	-	5,257
Equipment - pagers	4,639	-	-	4,639
Protective clothing	3,327	-	-	3,327
Contractual services	2,631	-	-	2,631
Emergency medical services	2,525	-	-	2,525
Fund drive expense	-	-	2,519	2,519
LOSAP expense	1,442	160	-	1,602
Training	1,203	-	-	1,203
Uniform supplies	1,111	-	-	1,111
Other taxes	-	1,074	-	1,074
Picnic fund	-	324	-	324
Photography	107	-	-	107
Contributions	65	-	-	65
Miscellaneous, net	-	(116)	-	(116)
	\$ 230,486	\$ 35,665	\$ 2,519	\$ 268,670

See Notes to Financial Statements

GERMAN TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS YEAR ENDED DECEMBER 31, 2014

	Program			Total
	Services	Administrative	Fundraising	
Wages	\$ 53,615	\$ 10,725	\$ -	\$ 64,340
Depreciation and amortization	58,067	938	-	59,005
Apparatus maintenance	48,998	-	-	48,998
Insurance	31,100	2,341	-	33,441
Retention costs	14,991	5,349	-	20,340
Utilities	15,048	1,672	-	16,720
Professional fees	2,939	13,769	-	16,708
Fuel	16,474	-	-	16,474
Protective clothing	11,847	-	-	11,847
Payroll taxes	7,299	1,459	-	8,758
Emergency medical services	4,951	-	-	4,951
Office expense	-	4,706	-	4,706
Building maintenance	4,113	457	-	4,570
Interest expense	3,476	-	-	3,476
Communications	3,170	-	-	3,170
Uniform supplies	2,615	-	-	2,615
Miscellaneous	-	2,239	-	2,239
LOSAP expense	1,564	174	-	1,738
Fund drive expense	-	-	1,707	1,707
Contractual services	1,406	-	-	1,406
Other taxes	-	819	-	819
Picnic fund	-	806	-	806
Dues and subscriptions	413	-	-	413
Training	310	-	-	310
Freight	22	-	-	22
	\$ 282,418	\$ 45,454	\$ 1,707	\$ 329,579

See Notes to Financial Statements

GERMAN TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements
December 31, 2015 and 2014

NOTE 1
NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities:

German Township Volunteer Fire Department, Inc. (the Organization) is a nonprofit organization that provides fire protection and emergency aid for residents and property in German Township and to aid other agencies on a mutual aid basis during times of need, with priority in the area of German, Armstrong and parts of Perry Townships. The Organization is located in Vanderburgh County, Indiana and supported primarily through allocations from the trustees of German Township.

A summary of the Organization's significant accounting policies follows:

Basis of presentation:

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Consequently, revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when incurred.

The Organization is required to report information regarding its assets, liabilities, net assets, revenues and expenses according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no temporarily or permanently restricted net assets at December 31, 2015 and 2014.

Use of estimates:

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and equipment:

The Organization capitalizes fire apparatus over \$5,000 and all other property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

GERMAN TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements
December 31, 2015 and 2014

NOTE 1 (Continued)
NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Property and equipment (continued):

Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation and amortization is computed using the straight-line method over estimated useful lives ranging from 5 to 30 years. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in the change in net assets.

Contributions:

Contributions received are recorded as unrestricted, temporarily or permanently restricted net assets depending on the existence or nature of any donor restriction. There were no temporarily or permanently restricted contributions for the years ended December 31, 2015 and 2014.

Contributed services:

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with program services and fundraising campaigns, but these services do not meet the criteria for recognition as contributed services.

Functional expenses:

The costs of providing services have been summarized on a functional basis in the statement of revenues, expenses and changes in net assets. Expenses specifically identified as relating to one of the functional categories are charged accordingly. Other expenses determined to relate to more than one of the categories are allocated based on estimated percentages. The allocated costs included various expense types.

GERMAN TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements
December 31, 2015 and 2014

NOTE 1 (Continued)
NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Income taxes:

The Organization was organized as a nonprofit organization exempt from federal, state and local income taxes under section 501(c)(4) of the United States Internal Revenue Code.

The Organization is subject to potential examination by the Internal Revenue Service and Indiana Department of Revenue. However, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions. Management believes the Organization is no longer subject to tax examinations for years prior to 2012. The Organization has evaluated its tax positions for all open tax years and management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended December 31, 2015 and 2014. If assessed, the Organization classifies any interest and penalties recognized with a tax position as administrative expenses.

Subsequent events:

Management has evaluated subsequent events through December 19, 2016, the date which the financial statements were available to be issued.

NOTE 2
PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Land	\$ 41,966	\$ 41,966
Buildings	261,178	251,395
Fire and rescue equipment	1,343,508	1,253,923
Office furniture and equipment	76,319	71,922
Tower	7,890	7,890
Deposit on fire and rescue equipment	<u>-</u>	<u>90,000</u>
	1,730,861	1,717,096
Less accumulated depreciation and amortization	<u>1,484,469</u>	<u>1,452,322</u>
	<u>\$ 246,392</u>	<u>\$ 264,774</u>

Depreciation and amortization expense was \$32,146 and \$59,005 for the years ended December 31, 2015 and 2014, respectively.

GERMAN TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements
December 31, 2015 and 2014

NOTE 3
CAPITAL LEASE OBLIGATION

The Organization leases fire equipment under the terms of a capital lease. This capital lease obligation is due in yearly payments of \$20,554 with interest at 4.6% through October 2019 and is secured by the leased assets. The Organization had previously leased two trucks under the terms of a capital lease, which was repaid during 2015. The future minimum lease payments required under the current capital lease together with the present value of the net minimum lease payments as of December 31, 2015 are as follows:

2016	\$ 20,138
2017	20,554
2018	20,554
2019	<u>20,554</u>
	81,800
Less amount representing interest	<u>8,644</u>
Present value of net minimum lease payments	73,156
Less current portion	<u>16,756</u>
	<u>\$ 56,400</u>

Amortization expense related to these assets totaled \$7,339 and \$35,954 for the years ended December 31, 2015 and 2014, respectively. The assets acquired under capital lease obligations are included in property and equipment on the accompanying statement of assets, liabilities and net assets at December 31 as follows:

	2015	2014
Fire and rescue equipment	\$ 89,584	\$ 566,723
Less accumulated amortization	<u>7,339</u>	<u>566,723</u>
	<u>\$ 82,245</u>	<u>\$ -</u>

GERMAN TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements
December 31, 2015 and 2014

NOTE 4
LENGTH OF SERVICE AWARD PROGRAM

The Organization has a length of service award program (LOSAP) designed to award its volunteer members. Members qualify to participate after accumulating an average of 250 points over a period of five years. Points are earned for each emergency or training response. Effective May 10, 2015, the program was amended to accrue a defined benefit of \$5 per year for each year of service up to a maximum benefit of \$150 per month for 30 years of service. Prior to the amendment, participants accrued a defined benefit of \$5 per month for each year of service up to a maximum benefit of \$150 per month for 30 years of service.

The defined benefit is paid to the designees beginning at the age of 65 for the remainder of their lives. In the event the designee dies before reaching 65, the defined benefit will be paid to the designated beneficiary for a minimum of 10 years. Additionally, the designated beneficiary is entitled to a death benefit of the greater of \$10,000 or the present value of the earned benefit of the insured.

Program valuation as of May 10, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Actuarial present value of benefits at program year end	\$ 178,895	\$ 326,094
Assets available for benefits – annuities	<u>176,617</u>	<u>173,240</u>
 Total unfunded benefits	 <u>\$ 2,278</u>	 <u>\$ 152,854</u>
Receipts and disbursements:		
Plan net assets – beginning of program year	\$ 173,240	\$ 150,042
Changes during the year:		
Plan contributions	1,737	21,078
Investment income	5,178	5,657
Benefits paid	(1,800)	(1,800)
Administrative and other fees	<u>(1,738)</u>	<u>(1,737)</u>
	<u>3,377</u>	<u>23,198</u>
 Plan net assets – end of program year	 <u>\$ 176,617</u>	 <u>\$ 173,240</u>

Contributions recommended by the actuary for the Plan year ended May 9, 2016 totaled \$1,713. The actuary has determined that the Plan was 99% and 53% funded at May 10, 2015 and 2014, respectively.

GERMAN TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements
December 31, 2015 and 2014

NOTE 4 (Continued)
LENGTH OF SERVICE AWARD PROGRAM

The assumptions used by the actuary to determine the Organization's contribution and the actuarial present value of benefits are as follows:

Assumed rate of return on program investments	4.75%
Tables used for post-retirement and pre-retirement age mortality:	
May 10, 2014	1994 (GAR)
May 10, 2015	
Male	RP2000M>2030
Female	RP2000F>2030
Turnover	None

The following benefits are expected to be paid as of December 31, 2015:

2016	\$ 3,960
2017	4,260
2018	7,635
2019	8,820
2020	9,000
Years 2021 – 2025	<u>52,540</u>
	<u>\$ 86,215</u>

NOTE 5
CONCENTRATIONS AND UNCERTAINTIES

The Organization maintains its cash in bank deposits which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

The Organization receives the majority of its support from funds awarded by the trustees of the townships it serves within Vanderburgh County. The Organization received approximately 75% and 63% of its total revenues from German Township for the years ended December 31, 2015 and 2014, respectively. This funding is not guaranteed each year and is subject to the township's budget and availability of funds.

The Organization is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, and injuries to the volunteer firemen. The Organization carries commercial insurance in amounts the Board of Directors believes are sufficient to insure against claims resulting from any of these risks.