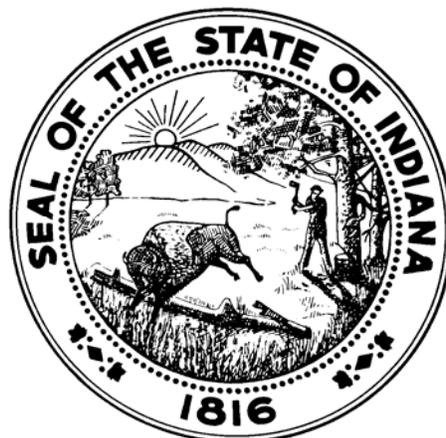


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
AMO VOLUNTEER FIRE DEPARTMENT  
HENDRICKS COUNTY, INDIANA  
October 1, 2003 to September 30, 2006



**FILED**  
04/30/2007



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FIRE DEPARTMENT OFFICIALS

| <u>Office</u>   | <u>Official</u>   | <u>Term</u>          |
|-----------------|-------------------|----------------------|
| Chief           | Mark Belford      | 10-01-03 to 12-31-07 |
| Assistant Chief | Robert Ryan Reach | 10-01-03 to 12-31-07 |
| Treasurer       | Bill Grey         | 10-01-03 to 12-31-07 |



**STATE OF INDIANA**  
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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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TO: THE OFFICIALS OF THE AMO VOLUNTEER FIRE DEPARTMENT

We have examined the records of the Amo Volunteer Fire Department for the period from October 1, 2003 to September 30, 2006, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Examination Results and Comments.

STATE BOARD OF ACCOUNTS

March 1, 2007

AMO VOLUNTEER FIRE DEPARTMENT  
HENDRICKS COUNTY  
EXAMINATION RESULTS AND COMMENTS

NOT FOR PROFIT ACIVITY MAINTAINED IN PERSONAL ACCOUNT

Robert Ryan Reach, Assistant Fire Chief of the Amo Volunteer Fire Department (VFD), had a verbal agreement on behalf of the Amo VFD to collect and remit pager fees for the Amo VFD and from individual firefighters from Stilesville, Hazelwood, and Coatsville Volunteer Fire Departments for paging services provided by Indiana Paging Network. Mr. Reach maintained receipts and disbursements for these services in his personal bank account.

The pager contract was entered into between the Amo VFD and Indiana Paging Network, the service provider. The Amo VFD is organized as a not for profit entity under IRC Section 501(c). The paging account with Indiana Paging Network remains in the name of the Amo Volunteer Fire Department. All payments and remittance for pager services should be accounted for through the Amo VFD.

Each nongovernmental entity is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning proper use of not for profit accounts should be directed to these agencies.

REQUEST FOR PAYMENT – PAGER CONTRACT

Records presented for examination included Amo VFD check 3017 dated June 30, 2004, to Indiana Paging Network on invoice 7997608 dated June 1, 2004, in the amount of \$2,355.23. The invoice was for the cost of pager services for the Stilesville, Hazelwood, Coatsville, and Amo VFD for the period June 1, 2004 to November 30, 2004. Mr. Reach had been previously paid by the Amo VFD for the same service period.

Amo VFD paid Mr. Reach on November 29, 2004, for the service period December 1, 2004 to November 30, 2005. Mr. Reach did not bill the Amo VFD for the next service period, December 1, 2005 to November 30, 2006.

We requested that Mr. Reach reimburse the Amo VFD in the net amount of \$838.41; the \$2,355.23 paid directly to Indiana Paging Network reduced by \$1,516.81, Amo VFD's share of the pager service for the period December 1, 2005 to November 30, 2006. (See Summary, page 8)

LACK OF ADEQUATE INTERNAL CONTROLS OVER UNLEADED GASOLINE USAGE

The Amo VFD lacked adequate internal controls over gasoline purchases, gasoline usage and gasoline accountability. A review of gasoline purchased for the period of November 19, 2003 to April 19, 2005, (last date purchased unleaded gas) revealed that a total of 1,009.70 gallons of unleaded gas was purchased for the time period. A review of gas usage logs for the same time period revealed 222.9 gallons of gas being reported as used for fire protection activities. A comparison of purchased gas to consumed gas revealed that a total of 786.8 gallons of gas or 77.92% of all purchased gas for the period could not be accounted for. The Amo VFD used a clipboard to account for gasoline usage. The clipboard had a key attached to it for the gas pump and as gas was used, the clipboard was to be updated as to the date gas was put into the equipment, the amount of gas used and the piece of equipment fueled. The clipboard hung on the wall in the firebarn in an unsecured location without adequate supervision for overview of gas usage. As a result of lack of adequate internal controls over gas consumption, a full accountability of gas used could not be made. Failure to have adequate internal controls over gas usage could lead to the theft, personal use or misuse of gas of the Amo VFD.

AMO VOLUNTEER FIRE DEPARTMENT  
HENDRICKS COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Adequate internal controls should be in place to ensure proper accountability of gasoline usage and accountability. The responsibility for maintaining the accountability of gasoline purchasing, usage, record keeping and safeguarding of gas pump keys should be performed by one or two individuals of the Amo VFD.

FEDERAL AND STATE AGENCIES – COMPLIANCE REQUIREMENTS

For calendar year 2005, the Amo VFD Fire Chief salary was \$750. The Amo VFD paid \$344 to replace the tires on the chief's personal vehicle and reduced his stipend for the year by the same amount. As a result, the Amo VFD erroneously computed the Fire Chief year-end stipend check below the Internal Revenue Service requirements for issuing a 1099.

Items that would be considered for the personal use and the personal obligation of the Fire Chief should not be paid for by funds of the Amo VFD.

Each nongovernmental entity is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning proper use of not for profit accounts should be directed to these agencies.

DISBURSEMENT DOCUMENTATION - PETTY CASH FUNDS

Disbursements totaling \$2,300 were made payable to petty cash and lacked adequate supporting documentation to support the claim. The Amo VFD fund ledger did reference the expenses as golf prize money but supporting documentation detailing the items purchased was not presented for examination.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee.

PURCHASE OF ALCOHOLIC BEVERAGES

On June 8, 2005, the Amo VFD was reimbursed in the amount of \$48.27 for the purchase of alcoholic beverages charged to the Amo VFD Sam's Club account. The beverages were offered to members of the Amo VFD after a fish fry.

Purchases of alcoholic beverages are the personal obligation of the responsible official or employee and should not be purchased by funds or on accounts of the Amo VFD.

AMO VOLUNTEER FIRE DEPARTMENT  
HENDRICKS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on March 1, 2007, with Robert Ryan Reach, Assistant Fire Chief; Mark Belford, Fire Chief; and Alice Cordes, (aunt of Robert Ryan Reach). The official response has been made a part of this report and may be found on page 7.

# **AMO VOLUNTEER FIRE DEPARTMENT**

P.O. BOX 112 AMO, INDIANA 46103

MARK BELFORD, FIRE CHIEF

RYAN REACH, ASSISTANT CHIEF

## RESPONSE TO FINDINGS OF AUDIT STATE BOARD OF ACCOUNTS

### 1. NOT FOR PROFIT ACTIVITY MAINTAINED IN PERSONAL ACCOUNT

While I did accept responsibility to collect pager payments and make remittance to Indiana Paging Network, I did so as a volunteer and representative of the Amo Volunteer Fire Department. Although I now understand that making remittance through my personal account was not appropriate, it was done so in agreement with the Amo VFD treasurer. Amo was the only department paying for their volunteers to have pagers; volunteers from all the other departments were responsible for their own pagers, and collection for payment was made from each of member individually.

### 2. REQUEST FOR PAYMENT-PAGER CONTRACT

At the time that Amo VFD paid invoice 8037680 in the amount of \$2,355.02, I had just lost my father and was going through a very personally difficult time. I was not able to collect from the Stilesville, Hazelwood and Coatesville Fire Department members, therefore Amo made that payment as the contract was, and is in their name. No effort was made by the Amo VFD at that time to collect any of the money due from other department members. I made every effort to collect from these individuals at a later date, and I resumed responsibility for collecting for all payments with the next invoice. As stated in your findings, I did not bill Amo VFD for one 12/1/05 thru 11/30/06.

While I regret that not all of the money due for the pagers was not collected from other members, I do not agree with your finding that it is my personal responsibility to make up for that short fall. The pager contract was in the name of the Amo VFD, and the department accepted the responsibility for compliance with that contract. Neither the department nor myself realized that writing checks on my account to the pager company would ultimately cause me to be found liable in any way.

I have paid the fire department in the amount of \$838.42, not because I agree with your finding or accept responsibility, but because it will be much less stressful on my family, the department, and myself, and less expensive than losing more work for further hearings.

I further regret that continuing discord with a member of our department and with past members has cost the state countless man hours due to personal issues and not out of concern for the fire department, and that this has also cost the fire department valuable volunteers.

Respectfully Submitted,



Robert Ryan Reach

AMO VOLUNTEER FIRE DEPARTMENT  
HENDRICKS COUNTY  
SUMMARY

|   | <u>Charges</u>              | <u>Credits</u>   | <u>Balance Due</u>                      |
|---|-----------------------------|------------------|---|
| Robert Ryan Reach, Assistant Fire Chief;<br>Request for Payment - Pager Contract,<br>page 4 | \$ 838.42                   | \$               | \$                                      |
| Paid by check 2310, March 5, 2007   | <u>                    </u> | <u>838.42</u>    | <u>                    </u> -           |
| Totals  | <u>\$ 838.42</u>            | <u>\$ 838.42</u> | <u>\$</u> <u>                    </u> - |