

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

EXAMINATION REPORT

OF

OWEN-SALT CREEK VOLUNTEER FIRE DEPARTMENT

JACKSON COUNTY, INDIANA

January 1, 2007 to December 31, 2008



FILED
09/30/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Transmittal Letter	3
Financial Information: Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Examination Results and Comments: Background Information	5
Malfeasance, Misfeasance, or Nonfeasance	5
Penalties, Interests, and Other Charges	6
Overdrawn Cash Balance.....	6
Collections Not Deposited	6
Additional Audit Costs – Missing Funds	6
Exit Conference.....	7
Summary	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Volunteer Fire Department Board	Walter W. Wilson	01-01-07 to 12-31-07
	Chad Laney	01-01-08 to 12-31-08
	Ron Fedor	01-01-09 to 09-13-09
	Walter W. Wilson	09-14-09 to 12-31-09
Fire Chief	William S. Wilson	01-01-07 to 12-31-08
	John Holz	01-01-09 to 12-31-09
Treasurer	Terry Gilliland	01-01-07 to 06-06-07
	Debra K. Fleetwood	06-07-07 to 11-07-08
	Vacant	11-08-08 to 12-07-08
	Penny S. Wilson	12-08-08 to 12-31-09



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AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE OWEN-SALT CREEK
VOLUNTEER FIRE DEPARTMENT, JACKSON COUNTY, INDIANA

We have examined the records of the Owen-Salt Creek Volunteer Fire Department for the period of January 1, 2007 to December 31, 2008, 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

September 14, 2009

OWEN-SALT CREEK VOLUNTEER FIRE DEPARTMENT
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 GOVERNMENTAL FUND TYPE
 As Of And For The Years Ended December 31, 2007 And 2008

	<u>Cash and Investments 01-01-07</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-07</u>										
Governmental Fund: General	<u>\$ 6,179</u>	<u>\$ 29,973</u>	<u>\$ 29,245</u>	<u>\$ 6,907</u>										
<table border="0"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: center;"><u>Cash and Investments 01-01-08</u></th> <th style="text-align: center;"><u>Receipts</u></th> <th style="text-align: center;"><u>Disbursements</u></th> <th style="text-align: center;"><u>Cash and Investments 12-31-08</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Governmental Fund: General</td> <td style="text-align: right;"><u>\$ 6,907</u></td> <td style="text-align: right;"><u>\$ 21,331</u></td> <td style="text-align: right;"><u>\$ 24,506</u></td> <td style="text-align: right;"><u>\$ 3,732</u></td> </tr> </tbody> </table>						<u>Cash and Investments 01-01-08</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-08</u>	Governmental Fund: General	<u>\$ 6,907</u>	<u>\$ 21,331</u>	<u>\$ 24,506</u>	<u>\$ 3,732</u>
	<u>Cash and Investments 01-01-08</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-08</u>										
Governmental Fund: General	<u>\$ 6,907</u>	<u>\$ 21,331</u>	<u>\$ 24,506</u>	<u>\$ 3,732</u>										

OWEN-SALT CREEK VOLUNTEER FIRE DEPARTMENT
EXAMINATION RESULTS AND COMMENTS

BACKGROUND INFORMATION

Walter Wilson, 2008 Vice President of the Owen-Salt Creek Volunteer Fire Department Board, was notified by the Medora State Bank that the Fire Department bank account was overdrawn. Debbie K. Fleetwood, Fire Department Treasurer at that time, was confronted with this issue and she informed the Fire Department officials that all the financial records were destroyed. The Fire Department officials were concerned that money was missing, so Tiffany Gerster, Owen-Salt Creek Volunteer Fire Department Secretary, contacted the State Board of Accounts in December 2008. We met with Fire Department officials at the Medora State Bank on January 13, 2009, and made a request for all bank statements, deposit detail and copies of cancelled checks for the years 2007 and 2008.

Once Fire Department officials obtained copies of the bank information from the Medora State Bank, we began our investigation by scheduling all of the deposit and disbursement information for the bank account in order to analyze the activity in the account to determine if there were any inconsistencies in the transactions during the period in question.

From June 2007 through March 2008, the activity remained fairly consistent. The Fire Department received money for Fish Fry fundraisers, donations, Township Fire contract money, insurance reimbursements, and profits from a pop machine. Expenses were for insurance, fuel, utilities (telephone, electricity, and internet), Fish Fry expenses, various reimbursements to Fire Department volunteers, etc.

From March 17, 2008 to November 13, 2008; however, no deposits were made into the Fire Department's bank account. Fire Department officials stated that a Fish Fry occurred in May 2008. Expenditures for "Cash Change" (Check 590 in the amount of \$100, dated May 10, 2008), to CVS for "Pop for fish fry" (Check 586 in the amount of \$23.55, dated May 2, 2008), and to 7K Farms, Inc., for "fish and supplies" (Check 592 in the amount of \$784.04, dated June 5, 2008) were expenses noted for the Fish Fry. Therefore, it was expected that a deposit would have been made in May for money received from the Fish Fry.

Since there were no deposits, and normal expense activity occurred during the time period, the account became overdrawn on September 18, 2008. From that date until November 7, 2008, the account was overdrawn by \$715.58, which also included \$208 in service charges related to overdraft fees.

During our examination, we later received Fire Department Board minutes that had been given to the Fire Department's accountant. Within these Board minutes, information pertaining to the Fish Fry was noted during May of 2008 which helped fill in some details. The Fish Fry noted above was held on May 10, 2008. In the May Fire Department Board meeting, (undated but the meeting was held the second Monday of the month, May 12, 2008), the following was written about the Fish Fry: "\$985.84 cost - \$419 clear fish fry." A deposit of \$1,404.84 was not found in the bank account.

MALFEASANCE, MISFEASANCE, OR NONFEASANCE

Debra K. Fleetwood, former Fire Department Treasurer, from the information presented for examination, would appear to have diverted funds from the Owen-Salt Creek Volunteer Fire Department by retaining proceeds from the May 10, 2008, Fire Department Fish Fry.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee.

OWEN-SALT CREEK VOLUNTEER FIRE DEPARTMENT
EXAMINATION RESULTS AND COMMENTS
(Continued)

PENALTIES, INTEREST, AND OTHER CHARGES

Overdraft and service charges in the amount of \$208 were incurred by the Fire Department from September 18, 2008 through November 7, 2008, because of lack of sufficient funds in the Fire Department bank account due to the fish fry proceeds not being deposited into the account.

Officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit.

Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee.

Debra K. Fleetwood, former Treasurer, has been requested to repay to Fire Department the overdraft and service charge fees of \$208. (See Summary, page 8)

OVERDRAWN CASH BALANCE

The cash balance of the Owen-Salt Creek Volunteer Fire Department Fund was overdrawn in 2008.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit.

COLLECTIONS NOT DEPOSITED

On May 10, 2008, the Fire Department held its Annual Fish Fry as a fundraiser to generate funds to help operate the Fire Department. The Board minutes from the Fire Department's May 2008 meeting indicate that the Fish Fry took in proceeds of \$1,404.84, and after paying expenses of \$985.84, would have a profit of \$419. Examination of the Fire Departments bank account and the deposit activity on that account, indicates that the proceeds of \$1,404.84 were never deposited into the account.

Debra K. Fleetwood, former Treasurer, has been requested to repay to Fire Department for collections not deposited in the amount of \$1,404.84. (See Summary, page 8)

ADDITIONAL AUDIT COSTS - MISSING FUNDS

Additional audit costs were incurred during the current examination, due to the investigation of collections not being deposited and the fact that the original financial records had been destroyed.

Audit costs incurred because of theft or shortage may be the personal obligation of the responsible official or employee.

OWEN-SALT CREEK VOLUNTEER FIRE DEPARTMENT
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2009, with Penny S. Wilson, Treasurer, and Walter W. Wilson, President of the Volunteer Fire Department Board. The officials concurred with our examination findings.

The contents of this report were discussed on September 16, 2009, with Debra K. Fleetwood, former Treasurer. The official concurred with our examination findings.

OWEN-SALT CREEK VOLUNTEER FIRE DEPARTMENT
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Debra K. Fleetwood, former Treasurer:			
Penalties, Interest, and Other Charges, page 6	\$ 208.00	\$	\$
Collections Not Deposited, page 6	1,404.84		
Paid by Debra K. Fleetwood, deposited on September 17, 2009, Check 684		<u>1,612.84</u>	<u>-</u>
Totals	<u>\$ 1,612.84</u>	<u>\$ 1,612.84</u>	<u>\$ -</u>