

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

SPECIAL INVESTIGATION REPORT  
OF  
JONESVILLE RURAL FIRE DEPARTMENT  
BARTHOLOMEW COUNTY, INDIANA  
January 1, 2012 to June 30, 2017



**FILED**

10/11/2018



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**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDIANAPOLIS, INDIANA 46204-2769

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TO: THE OFFICIALS OF JONESVILLE RURAL FIRE DEPARTMENT,  
BARTHOLOMEW COUNTY, INDIANA

This is a special investigation report for Jonesville Rural Fire Department (Fire Department) for the period January 1, 2012 to June 30, 2017, and is in addition to any other report for the Fire Department as required under Indiana Code 5-11-1. All reports pertaining to the Fire Department may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

We performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Results and Comments, incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

March 13, 2018

JONESVILLE RURAL FIRE DEPARTMENT  
SPECIAL INVESTIGATION RESULTS AND COMMENTS

**BACKGROUND**

Clint L. Madden (Madden) served as Treasurer of Jonesville Rural Fire Department, also known as Jonesville Volunteer Fire Department and Wayne Township Volunteer Fire Department (Fire Department), Bartholomew County, for the period January 1, 2012 to December 31, 2014, and then from September 13, 2015 to August 21, 2016. Madden was removed as Treasurer on August 21, 2016, by the Fire Department Board.

The Fire Department entered into contracts with Wayne Township (Township) to provide fire protection services. In addition to the contract payments, the Township provided insurance coverage for the Fire Department, issued payments directly to vendors for Fire Department expenses, and reimbursed the Fire Department for expenses they incurred.

During this same period Madden also served as the Trustee of the Township. As Trustee, Madden was responsible for all Township financial activity, including issuing checks to the Fire Department and Fire Department vendors.

Fire Department officials became aware that fraudulent activity had occurred at the Fire Department by Madden and notified the Indiana State Board of Accounts. The Indiana State Board of Accounts examined the records and reviewed the accounting of the Fire Department. The following describes noncompliance with statutes or the *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*.

**PAYMENTS FOR PERSONAL VEHICLE LOANS**

Seven Fire Department checks totaling \$8,883.65 were issued to a car dealership as follows:

<u>Date Cleared</u>	<u>Check Number</u>	<u>Check Amount</u>
01-09-12	6022	\$ 300.00
02-10-12	6027	300.00
03-02-12	6029	300.00
04-04-12	6033	300.00
06-13-12	6043	300.00
07-10-12	6047	300.00
02-05-14	6125	<u>7,083.65</u>
Total		<u>\$ 8,883.65</u>

Records obtained from the car dealership indicated these payments were received for Installment Contract No. 44342 for a 2002 Chevrolet Avalanche purchased by Clint and Heather Madden on July 9, 2011.

In addition, a bank debit from the Fire Department bank account for \$300 was made on February 16, 2016, to a different car dealership. Records obtained from the car dealership indicated this payment was received for Car Deal #59788/T5421A for a 2006 Jeep Wrangler purchased by Clint and Heather Madden on December 31, 2015.

JONESVILLE RURAL FIRE DEPARTMENT  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

The Indiana State Board of Accounts *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, Section H, states in part the following:

"Entities receiving financial assistance from state or local governments are subject to the following general requirements: . . .

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Maintaining a financial management system that provides:

- a. Accurate, current and complete disclosure of the financial results of each government sponsored project or program.
- b. Records that adequately identify the source and application of funds for government sponsored activities. Records shall contain information pertaining to awards, authorizations, obligations, unobligated balances, assets, outlays and income.
- c. Effective control over and accountability for all funds, property and other assets.
- d. Procedures for determining the reasonableness, allowability and allocability of costs in accordance with the provisions of the applicable cost principles and the terms of the grant or other agreement.
- e. Accounting records that are supported by source documentation. . . ."

Indiana Code 23-17-27-1(b) states: "A corporation shall maintain appropriate accounting records."

Madden was requested to reimburse the Fire Department \$9,183.65 for payments made with Fire Department funds for his personal vehicle loans. (See Summary of Charges, page 18)

**REIMBURSEMENT FOR DODGE CHARGER**

On November 14, 2015, Township check 2221 was issued to Bartholomew County in the amount of \$3,660. Records obtained from the Bartholomew County Auditor's office indicated that the check was received for the purchase of a 2007 Dodge Charger and two spreaders at the November 14, 2015 surplus auction.

On December 30, 2015, Fire Department check 6075 for \$3,600 was written by Madden to reimburse the Township. The check was deposited in the Township bank account on December 31, 2015.

Records obtained from the Indiana Bureau of Motor Vehicles (BMV) indicated that neither the Township nor the Fire Department ever received a Certificate of Title or vehicle registration for this Dodge Charger. The Certificate of Title in the name of Bartholomew Co Commissioners indicated that the vehicle was sold November 14, 2015, for \$3,600 to Clint and Heather Madden.

On December 31, 2015, the Dodge Charger was traded in to a dealership towards the purchase of a 2006 Jeep Wrangler by Clint and Heather Madden.

The Indiana State Board of Accounts *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, Section H, states in part the following:

JONESVILLE RURAL FIRE DEPARTMENT  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

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- e. Accounting records that are supported by source documentation. . . ."

Indiana Code 23-17-27-1(b) states: "A corporation shall maintain appropriate accounting records."

Madden was requested to reimburse the Fire Department \$3,600 for the reimbursement made from Fire Department funds to the Township for the Dodge Charger. (See Summary of Charges, page 18)

***DISBURSEMENTS TO MADDEN WITHOUT SUPPORTING DOCUMENTATION***

Three undocumented disbursements, two checks, and a bank debit totaling \$1,900 were made to Madden from Fire Department funds. The two checks were signed by Madden as both maker and endorser. No documentation was provided to support the validity of these payments. The following is a schedule of the undocumented payments:

Date Cleared	Check Number	Check Amount	
07-02-12	n/a	\$ 1,000	(1)
07-06-12	6046	400	(2)
02-13-13	6341	500	
Total		\$ 1,900	

Notes to Schedule:

- (1) Bank statement states "Bill Payer Clint Madden."
- (2) The check's memo states "loan."

JONESVILLE RURAL FIRE DEPARTMENT  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

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- e. Accounting records that are supported by source documentation. . . ."

Indiana Code 23-17-27-1(b) states: "A corporation shall maintain appropriate accounting records."

Madden was requested to reimburse the Fire Department \$1,900 for disbursements without supporting documentation. (See Summary of Charges, page 18)

**UNDOCUMENTED CASH WITHDRAWALS**

No documentation was presented to support 14 cash withdrawals from the Fire Department's bank account totaling \$4,305, as follows:

<u>Date Cleared</u>	<u>Check Amount</u>	
02-13-12	\$ 102	ATM
04-10-12	300	ATM
05-14-12	500	OTC
06-11-12	600	OTC
07-12-12	100	ATM
08-14-12	200	ATM
08-24-12	300	ATM
02-13-13	300	ATM
03-11-13	100	ATM
03-29-13	303	ATM
05-06-13	300	ATM
12-03-13	400	OTC
06-24-16	<u>500</u>	OTC
 Total	 <u>\$ 4,005</u>	

JONESVILLE RURAL FIRE DEPARTMENT  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

Of the cash withdrawals, four were made by over the counter withdrawals, totaling \$2,000. Three of the withdrawal slips were signed by Madden as the maker. The fourth withdrawal slip contained no signature.

Nine cash withdrawals, totaling \$2,005, were made at various automated teller machines (ATM).

In addition, on July 31, 2013, on a deposit made up of four checks totaling \$15,350, only \$15,050 was deposited in the Fire Department's bank account. \$300 in cash was received back from the deposit.

Due to a lack of supporting documentation, the business purposes of the cash withdrawals could not be determined.

The Indiana State Board of Accounts *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, Section H, states in part the following:

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- e. Accounting records that are supported by source documentation. . . ."

Indiana Code 23-17-27-1(b) states: "A corporation shall maintain appropriate accounting records."

Madden was requested to reimburse the Fire Department \$4,305 for undocumented cash withdrawals. (See Summary of Charges, page 18)

**LOAN REPAYMENT NOT DEPOSITED**

Fire Department Check number 6055 in the amount of \$1,600 was issued to an individual on October 3, 2012. The memo of the check stated "Loan."

In an interview with Indiana State Police and the Indiana State Board of Accounts, this individual stated that Madden had loaned the funds to her for computer and college expenses until she received her student financial aid. She was told by Madden that the money had to be back in the account by the end of the year. She stated she repaid \$1,600 to Madden when she received her financial aid. These funds were not found to be deposited back into the Fire Department checking account.

JONESVILLE RURAL FIRE DEPARTMENT  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

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- e. Accounting records that are supported by source documentation. . . ."

Indiana Code 23-17-27-1(b) states: "A corporation shall maintain appropriate accounting records."

Madden was requested to reimburse the Fire Department \$1,600 for the loan repayment not deposited. (See Summary of Charges, page 18)

**PERSONAL PURCHASES FROM AUCTION SERVICE**

Fire Department Check number 6353 in the amount of \$26,270 was issued to an auction service on March 6, 2013.

Per an invoice provided by the auction service, the check was issued for the purchase of a Choice Yard Cart, Polaris Ranger 6X6, Electric Blue Buggy, Kawasaki Zero Turn Mower, Fleetwood Mallard Camper, and 2006 GMC Roll Back Truck.

Per an interview of the Fire Department Chief, the Polaris Ranger 6X6 in the amount of \$3,800 was the only item on the invoice purchased for Fire Department business. They were not aware of the other purchases and the items were not in the possession of the Fire Department.

On May 6, 2013, a check from Madden's personal bank account in the amount of \$15,977 was deposited into the Fire Department bank account. In addition, a separate check from Madden's personal bank account was written to the auction service to pay the sales tax owed on the camper and truck.

The Indiana State Board of Accounts *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, Section H, states in part the following:

JONESVILLE RURAL FIRE DEPARTMENT  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

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- e. Accounting records that are supported by source documentation. . . ."

Indiana Code 23-17-27-1(b) states: "A corporation shall maintain appropriate accounting records."

Madden was requested to reimburse the Fire Department \$22,470 for personal purchases made with Fire Department funds. (See Summary of Charges, page 18)

Madden was credited \$15,977 for the deposit of the check from his personal bank account into the Fire Department bank account. (See Summary of Charges, page 18)

***PAYMENT FOR PERSONAL VEHICLE PURCHASE***

On July 25, 2016, \$1,600 was withdrawn from the Fire Department checking account through a bank debit. No documentation was located in the Fire Department's records to support this payment.

The recipient of the funds was interviewed by Indiana State Police. The recipient stated the payment had been received for the sale of a 1992 GMC white box truck to Madden, who wanted the truck for a concession business.

The truck was never titled in the name of the Fire Department and the truck was not in the possession of the Fire Department.

The Indiana State Board of Accounts *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, Section H, states in part the following:

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SPECIAL INVESTIGATION RESULTS AND COMMENTS  
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- e. Accounting records that are supported by source documentation. . . ."

Indiana Code 23-17-27-1(b) states: "A corporation shall maintain appropriate accounting records."

Madden was requested to reimburse the Fire Department \$1,600 for the personal vehicle purchase made with Fire Department funds. (See Summary of Charges, page 18)

**TRANSFER OF FUNDS TO MADDEN'S PERSONAL PAYPAL ACCOUNT**

On three occasions, funds were transferred from the Fire Department's bank account into personal PayPal accounts of Madden, as follows:

<u>Date Cleared</u>	<u>Description</u>	<u>Amount</u>
01-30-14	PayPal	\$ 2,397.99
05-13-15	PayPal - Gravegroomers	800.00
03-23-16	PayPal - ICRACKED	<u>2,500.00</u>
Total		<u>\$ 5,697.99</u>

Due to a lack of supporting documentation, the business purposes of the transfers could not be determined.

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SPECIAL INVESTIGATION RESULTS AND COMMENTS  
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- e. Accounting records that are supported by source documentation. . . ."

Indiana Code 23-17-27-1(b) states: "A corporation shall maintain appropriate accounting records."

Madden was requested to reimburse the Fire Department \$5,697.99 for the transfer of Fire Department funds into his personal PayPal accounts. (See Summary of Charges, page 18)

**CASH NOT DEPOSITED FROM RETURNED MERCHANDISE**

On April 20, 2016, the Fire Department debit card issued to Madden was used to purchase items from a home improvement store, totaling \$483.65. A return receipt found in the Fire Department files indicated that the items were returned and cash was refunded the following day. This cash was not found to be deposited in the Fire Department's checking account.

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JONESVILLE RURAL FIRE DEPARTMENT  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 23-17-27-1(b) states: "A corporation shall maintain appropriate accounting records."

Madden was requested to reimburse the Fire Department \$483.65 for cash not deposited from returned merchandise. (See Summary of Charges, page 18)

**UNDOCUMENTED DISBURSEMENTS**

Fire Department funds were used to pay for undocumented disbursements and for expenses not related to the functions and purpose of the Fire Department totaling \$14,316.79, as follows:

<u>Years</u>	<u>Amount</u>
2012	\$ 8,359.99
2013	1,761.74
2014	795.17
2015	1,171.00
2016	<u>2,228.89</u>
Total	<u>\$ 14,316.79</u>

These expenses included:

<u>Description</u>	<u>Amount</u>
Electronic, Home and Office Supply Stores	\$ 6,550.85
PayPal	2,632.32
Miscellaneous	3,339.60
Apple Itunes Store	249.70
Home Shopping Network	729.93
Amazon	426.39
Auction Purchase	115.00
Flowers	<u>273.00</u>
Total	<u>\$ 14,316.79</u>

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JONESVILLE RURAL FIRE DEPARTMENT  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

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- e. Accounting records that are supported by source documentation. . . ."

Indiana Code 23-17-27-1(b) states: "A corporation shall maintain appropriate accounting records."

Madden was requested to reimburse the Fire Department \$14,316.79 for undocumented disbursements paid with Fire Department funds. (See Summary of Charges, page 18)

***UNSUPPORTED PAYMENTS TO TELEPHONE COMPANIES***

Disbursements totaling \$5,207.20 were made to eight different telephone companies in 2012, 2013, 2014, and 2016, without any supporting documentation.

No evidence was provided to document that the telephones were used for Fire Department business. Additionally, any equipment purchased was not turned over to the current Fire Department officials when Madden resigned.

During this same period, an additional \$8,264.62 of unsupported payments were made to telephone companies from Township funds.

The Indiana State Board of Accounts *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, Section H, states in part the following:

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JONESVILLE RURAL FIRE DEPARTMENT  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

- e. Accounting records that are supported by source documentation. . . ."

Indiana Code 23-17-27-1(b) states: "A corporation shall maintain appropriate accounting records."

Madden was requested to reimburse the Fire Department \$5,207.20 for unsupported payments to telephone companies. (See Summary of Charges, page 18)

***DOUBLE PAYMENTS FROM FIRE DEPARTMENT ACCOUNT***

On October 16, 2012, payments to five vendors were withdrawn from the Fire Department bank account twice, totaling \$4,840.42. These double payments were not reversed or credited to the Fire Department bank account. There was no documentation in the Fire Department records indicating that the Fire Department received a credit from the vendors for the double payments. As Treasurer, Madden was responsible for reconciliation of the bank accounts, including resolution of outstanding items.

The Indiana State Board of Accounts *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, Section H, states in part the following:

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- e. Accounting records that are supported by source documentation. . . ."

Indiana Code 23-17-27-1(b) states: "A corporation shall maintain appropriate accounting records."

Madden was requested to reimburse the Fire Department \$4,840.42 for double payments from the Fire Department's bank account. (See Summary of Charges, page 18)

JONESVILLE RURAL FIRE DEPARTMENT  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

**SPECIAL INVESTIGATION COSTS**

The State of Indiana incurred additional costs in the investigation of the Fire Department.

Audit costs incurred because of poor records, nonexistent records or any other inadequate bookkeeping practices, or because of theft or shortage may be the personal obligation of the responsible official or employee.

Madden was requested to reimburse the State of Indiana \$13,693.18 for special investigation costs. (See Summary of Charges, page 18)

**INTERNAL CONTROL DEFICIENCIES**

The former Treasurer was responsible for all aspects of Fire Department financial activity. This included receiving and depositing funds, reconciling, preparing and issuing checks, recording financial transactions and reporting.

There was no oversight of Fire Department financial activity on an ongoing basis by another individual. Due to this lack of segregation of duties, undocumented disbursements and cash withdrawals, and personal purchases were able to occur and not be identified timely.

The Indiana State Board of Accounts "*Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*", Section H, states in part the following:

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c. Effective control over and accountability for all funds, property and other assets.  
. . ."

**INVESTIGATION BY LAW ENFORCEMENT AGENCIES**

An investigation into the misappropriation of funds by Madden has also been conducted by the Indiana State Police and Federal Bureau of Investigations.

**CRIME INSURANCE COVERAGE**

The following is information regarding crime insurance obtained by the Fire Department:

<u>Period</u>	<u>Amount</u>
January 1, 2012 to December 31, 2012	\$ 25,000
January 1, 2013 to December 31, 2013	25,000
January 1, 2014 to December 31, 2014	25,000
January 1, 2015 to December 31, 2015	25,000
January 1, 2016 to December 31, 2016	25,000

JONESVILLE RURAL FIRE DEPARTMENT  
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2018, with Jason Perry, President of the Fire Department Board, and Chandra Williams, Secretary/Treasurer.

JONESVILLE RURAL FIRE DEPARTMENT  
SUMMARY OF CHARGES  
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Clint L. Madden, former Treasurer:			
Payments for Personal Vehicle Loans, pages 3 and 4	\$ 9,183.65	\$ -	\$ 9,183.65
Reimbursement for Dodge Charger, pages 4 and 5	3,600.00	-	3,600.00
Disbursements to Madden Without Supporting Documentation, pages 5 and 6	1,900.00	-	1,900.00
Undocumented Cash Withdrawals, pages 6 and 7	4,305.00	-	4,305.00
Loan Repayment Not Deposited, pages 7 and 8	1,600.00	-	1,600.00
Personal Purchases from Auction Service, pages 8 and 9	22,470.00	15,977.00	6,493.00
Payment for Personal Vehicle Purchase, pages 9 and 10	1,600.00	-	1,600.00
Transfer of Funds to Madden's Personal PayPal Account, pages 10 and 11	5,697.99	-	5,697.99
Cash Not Deposited from Returned Merchandise, pages 11 and 12	483.65	-	483.65
Undocumented Disbursements, pages 12 and 13	14,316.79	-	14,316.79
Unsupported Payments to Telephone Companies, pages 13 and 14	5,207.20	-	5,207.20
Double Payments from Fire Department Account, page 14	<u>4,840.42</u>	<u>-</u>	<u>4,840.42</u>
 Totals	 75,204.70	 15,977.00	 59,227.70
 Special Investigation Costs, page 15	 <u>13,693.18</u>	 <u>-</u>	 <u>13,693.18</u>
 Totals	 <u>\$ 88,897.88</u>	 <u>\$ 15,977.00</u>	 <u>\$ 72,920.88</u>

This report was forwarded to the Office of the Indiana Attorney General, the United States Attorney's Office, and the local prosecuting attorney.

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AFFIDAVIT

STATE OF INDIANA )  
Marion COUNTY )

We, Tammy L. Baker, David Bixler, and Eugene West, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of Jonesville Rural Fire Department, Bartholomew County, Indiana, for the period from January 1, 2012 to June 30, 2017, is true and correct to the best of our knowledge and belief.

Tammy L. Baker

David Bixler

Eugene West  
Field Examiners

Subscribed and sworn to before me this 10 day of October, 2018



Karen M. Williams  
Notary Public

My Commission Expires: August 8, 2025

County of Residence: Marion