



Montgomery County Government

September 7, 1982

Attention: Bookkeeper

Dear Sir:

The public accounting firm of Touche Ross & Co. has been engaged to examine the financial records of Montgomery County for the year ended June 30, 1982. In connection with this examination they will also examine the financial records of the fire departments pertaining to tax funds for the year then ended. Accordingly, you are advised to proceed as follows:

1. Prepare and mail to the auditors a standard bank confirmation for all bank accounts containing tax funds at June 30, 1982. Blank forms and an example of a completed form have been enclosed for your use. The form must be signed by an individual authorized to sign on the respective account. For each checking account list the first and last check number used during fiscal 1982.
2. Prepare a listing and description of any litigation involving the Department during fiscal 1981. Additionally, list and describe any pending or threatened litigation existing at June 30, 1982 or through the date of this letter.
3. Prepare and mail to the auditors a list of the names and addresses of all Board of Directors and officers as of June 30, 1982. This list should also include the active fire chief of the Department and the individual who is responsible for the daily operations of the Department if such individual is not otherwise listed.

The above items should be mailed as soon as possible to:

Touche Ross & Co.
1900 M Street, N.W.
Washington, D.C. 20036
Attn: Steve Bonacci

EXHIBIT E
Letter to bookkeepers
(3 pages)

Department of Finance, Division of Accounting

It is anticipated that the examination of the financial records will be conducted at the facilities of the particular fire department involved. The audit will take place on dates that will be arranged by Touche Ross & Co. It is anticipated that all audits will be scheduled during the month of October.

In the meantime, you are requested to prepare the following schedules for the auditors:

1. A trial balance extracted from the Department's general ledger.
2. A working balance sheet and operating statement.
3. Reconciliation of fund balance June 30, 1981 to June 30, 1982 ledger balance.
4. Bank reconciliations for each account as of June 30, 1982.
5. Schedule of investments (certificate of deposits and other) showing the description of each investment, beginning of the year balance, purchases, sales (redemptions), end of year balance and investment income earned for the year. Please indicate name and address of depository which is holding each investment.
6. Schedule of accounts receivable and travel advances, giving the name, address and amount due from each debtor as of June 30, 1982.
 - a) A schedule of all unpaid invoices (accounts payable) as of June 30, 1982.
 - b) A schedule of all purchase commitments (encumbrances) as of June 30, 1982.
 - c) Schedule of prior year encumbrances and indicate amount disbursed during the current year with check number and date.
 - d) Schedule of amounts withheld from employees' pay that have not been remitted to the appropriate depository as of June 30, 1982.
 - e) Schedule of other liabilities and deferred credits if applicable.
7. Schedule of notes and mortgages payable, giving name and address of noteholder, description of collateral pledged, original amounts, interest rate, term and due date; payments of principal and interest during the year and outstanding balance as of June 30, 1982.

8. Schedule of miscellaneous cash receipts such as: gasoline tax refund, tuition reimbursements, sale of fixed assets, reimbursement of workmen compensation, insurance rebates.
9. In addition, if applicable, the following schedules should be prepared:
 - a) Annual leave and compensatory time earned and unused as of June 30, 1982.
 - b) Expenses greater than \$300.00 charged to:
 - Account 627 - Buildings and Grounds
 - Account 703 - Motor Vehicle
 - c) Expenses greater than \$100.00 charged to:
 - Account 667 - Food
 - Account 731 - Professional and Technical Services
 - d) Listing of all apparatus or facilities acquired during fiscal 1982 using any County funds.
 - e) Listing of all dispositions of any apparatus or facilities originally acquired with County funds; listing should detail original cost, sales price and portion of original cost funded with County monies.

An example of a standard bank confirmation has been enclosed for your use. In addition, copies of last year's working balance sheet and profit and loss statement along with the adjusting journal entries are included. The other schedules requested may be in any format which neatly sets forth the required data.

The schedules requested should be available for review no later than September 27, 1982. Your cooperation in efficient audits of the tax funds will be appreciated.

Very truly yours,

William R. Bliss, Chairman
Montgomery County Fire & Rescue
Commission

Enclosure

not attend the meetings must pay the monies back to the department, second by Bedford Dodson. Passed

Motion by Frank King to pay the bills, second by Bedford Dodson. Passed

Motion by Jim Bullock to approve the 3 personnel employee evaluations, second by Frank King. Passed

Respectfully submitted
James Bullock
President, HVFD

EXHIBIT F
Minutes of June 28, 1982
HVFD Board of Directors
(3 pages)

June 28, 1982

The regular meeting of the Board of Directors of the Hyattstown Volunteer Fire Department, Inc. was called to order at 8:12 pm by Vice President Testerman

In attendance: Scotty Testerman
Bedford Dodson
Michael May
Douglas Edwards
Frank King
Kevin Hagberg
James Bullock - late

Chief Edwards asked Frank King about papers ^{CR 291} get credit for a tire off ~~A-299~~, Mr. King will look into it.

A discussion was held on the humidifier for Station 29. It was decided that a single unit attached to the furnace would be the best idea.

Chief Edwards brought up the need for a job description to be set down for the Administrative Aide. He felt that the description as well as work priorities and working hours should be set down in writing.

Motion by Michael May that the Chief, President and Treasurer sit down and write up a job description, working hours and work priorities for the Administrative Aide and bring them to the next Board meeting for approval, second by Scotty Testerman. Passed.

The Chief discussed filling out personnel evaluations in advance, to make it more convenient and to minimize delay in getting them submitted.

Chief Edwards requested that a letter be sent to the Commission

stating that the six cylinder auto is not adequate for use in this area due to the terrain, weather conditions and size of the area.

Mike May read a letter from Evers Trice requesting compensatory leave for the time he spent in Paramedic Training.

Motion by Mike May to grant Evers Trice 210 hours compensatory leave for time spent in Paramedic Class, second by Doug Edwards. Passed.

Personnel Committee

The committee recommended John Kenworthy, Mike Efantis and Mark Harding to the Board.

Motion by Mike May to recommend Kenworthy, Efantis and Harding to the floor for membership, second by Kevin Hogberg. Passed.

The Board asked Chief Edwards if he advised Tammy Knoblock that she could be an administrative member until she got some things straightened out, since she had informed some members that he granted her that status and that was her status at this time. The Chief informed the Board that he had not spoken to Ms. Knoblock about this at all.

The Board discussed the location of the ambulances. The consensus was to leave the Horton at Station 29, rather than running down both ambulances.

Budget

Mrs. Burgee gave each Board member updated figures for each category in the budget.

Discussions were held on what

July 13, 1982

The regular meeting of the Board of Directors of the Hightstown Volunteer Fire Department was called to order at 8:30 p.m. by President Bullock.

In attendance: James Bullock
Scotty Testerman
Kevin Hagberg
Douglas Edwards
Alyson Hill, Sr.
Michael May
Bedford Dodson
Frank King

Chief Edwards presented purchase orders.

Motion by Doug Edwards to approve the purchase orders, seconded by Bedford Dodson, Passed.

The minutes met with the Board regarding the suspension notice he received.

11-24-82

Source: Kevin Hagberg

CAPITAL OUTLAY DETAIL

DEPARTMENT Hyattstown Volunteer Fire Dept., Inc.		DIVISION		ACTIVITY			CODE 2913	
DESCRIPTION AND JUSTIFICATION	CURRENT AUTHORIZED	UNIT COST	REQUEST		RECOMMENDED		APPROVED	
			NO.	AMT.	NO.	AMT.	NO.	AMT.
Code # 904 - Equipment								
A. Humet Valve & Bracket		1,300	1	1,300				
B. Port-A-Power Extricator Set		1,250	1	1,250				
C. Smoke Ejector-Reserve Pumper		425	1	425				
				2,975				
Code # 905 - Communications Equipment								
A. Minitor Paging Units		350	15	5,250				
				5,250				
Code # 910 - Hose, Nozzle and Brass Goods								
1" Booster Hose	200	2.75	100	275				
2" Hose ODJ		2.50	600	1,500				
3" Hose	2,000	4.00	500	2,000				
Task Force Nozzle		295	2	590				
3 Inlet Portable Monitor Nozzle & Tips		1,900	1	1,900				
2 1/2" to 1 1/2" Reducer	84	28	3	84				
2 1/2" Double Female	55	55	2	110				
2 1/2" Double Male	39	39	2	78				
				6,537				76
Code # 915 - Office Furniture and Equipment								6535
A. Desk & Chair - Watch Office - Station 29		350	1	350				
B. File Cabinet - Station 9		175	1	175				
C. Metal Storage Cabinet - Station 29		150	1	150				
D. Typewriter - Station 29		300	1	300				80
				975				
Shop and Plant Equipment								
A. Battery Charger		150	1	150				
B. Bench Vise		100	1	100				
C. Tool Chest		100	1	100				
D. 10' x 10' floor deck		435	1	435				
				785				
Code # 923 - Unclassified Equipment								
A. Pressure Demand 30 Minute Air Mask		750	2	1,500				
				1,500				

EXHIBIT G
Extract of HVFD FY 82
Capital Outlay Budget

PURCHASE ORDER

P.O. 1910

HYATTSTOWN FIRE DEPT., INC.
25801 Frederick Road
Clarksburg, Maryland 20734
Phone: (301) 972-3398 (301) 874-5777

HYATTSTOWN FIRE DEPT., INC.
Maryland Tax Exemption No. 824

TO
CALLAN & CRAMER, INC.
217 WEST PATRICK STREET
FREDERICK, MD. 21701

SHIP TO

DATE	DATE REQUIRED	TERMS	F.O.B.	SHIP VIA	DEPT. OR REQ. NO.	<input checked="" type="checkbox"/> FOR OWN USE
22/82	A.S.A.P.	CHARGE				
QUANTITY	DESCRIPTION			PRICE	AMOUNT	
1	BLACK HAWK JACK #67415			\$400.00	\$400.00	

Rec. 6/22/82

IMPORTANT
OUR ORDER NUMBER MUST APPEAR ON ALL CORRESPONDENCE, INVOICES AND PACKAGES. NOTIFY US IMMEDIATELY IF UNABLE TO SHIP ORDER COMPLETE BY DATE SPECIFIED.

BY Chief DW Edwards
APPROVED BY James L. [Signature]

BOOKKEEPER'S COPY

EXHIBIT K
HVFD Purchase Order
#1910 for Black Hawk
Jack

July 19, 1982

The special meeting of the Board of Directors of the Northtown Volunteer Fire Department was called to order at 8:00 p.m. by President Bullock.

- Attendees: James Bullock
- Richard Dodson
- Douglas Edwards
- Michael Gray
- Kevin Hagberg
- Scotty Testerman
- Cliff Bullock

H. Cross called to assist.

Chief Edwards spoke about his meeting with Chairman Bliss regarding FY '82 budget actions and his recommendations.

The Chief and H. Cross will write a letter to the Commission to explain our actions concerning the FY '82 budget.

Chief Edwards reported that no

other departments require that purchase order numbers be written in 15 minutes. The Board instructed the Secretary not to include individual purchase order numbers, just that the purchase orders were discussed and approved.

A discussion was held on the Administrative Aid's duties, responsibilities, and supervisor.

A discussion was held on assessing the kitchen.

The Chief requested the purchase order.

Notation by Doug Edwards to approve the purchase order, secondly Jim Bullock, second.

Discussed installing an air conditioner in the upstairs office.

Motion by Bedford Dodson to
delete the last paragraph
of the June 28, 1982 Board
minutes because that section
was out of order, second by
Doug Edwards.

Vote showed:

D. Edwards - Yes

J. Bullock - Yes

B. Dodson - Yes

K. Hagberg - No

S. Peterson - absent

M. May - absent

C. Hill, Sr. - Yes

Motion passed 4-1

President Bullock removed
the section in question from
the book.

The Board discussed turning
the new auto book into
the county.

A discussion was held on the
brush units.

Meeting adjourned at 11:00 p.m.

Respectfully Submitted
Kevin L. Hagberg
Secretary AUEO



HYATTSTOWN VOLUNTEER FIRE DEPT., INC.

**28901 FREDERICK ROAD
CLARKSBURG, MARYLAND 20871**

November 4, 1982

Touche Ross & Company
1900 M Street, N.W.
Washington, D.C. 20036

Gentlemen:

In connection with your examination of the financial statements of the General Fund of the Hyattstown Volunteer Fire Department, Inc. as of June 30, 1982 and for the year that ended for the purpose of expressing an opinion as to whether the financial statements present fairly the financial position, results of operations and changes in Fund Balance of the General Fund of the Hyattstown Volunteer Fire Department, Inc. in conformity with generally accepted accounting principles we confirm, to the best of our knowledge and belief, the following representations made to you during your examination.

1. We are responsible for the fair presentation in the financial statements of financial position, results of operations and changes in Fund Balance in conformity with generally accepted accounting principles. We understand that, as is customary, your examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other audition procedures as you considered necessary in the circumstances for the purpose of expressing an opinion on the financial statements. We also understand that such examination would not necessarily disclose all irregularities should there be any.

2. We have made available to you all -

- a. Financial records and related data.
- b. Minutes of the meetings of the board of directors.

3. There have been no -

- a. Irregularities involving management or employees who have significant roles in the system of internal accounting control.
- b. Irregularities involving other employees that could have a material effect on the financial statements.

EXHIBIT M
Letter of Representations
(2 pages)

- c. Communications from regulatory agencies concerning non-compliance with or deficiencies in, financial reporting practices that could have a material effect on the financial statements.
4. There have been no plans or intentions that may materially affect the carrying value of classification of assets and liabilities.
 5. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees.
 - b. Arrangements with financial institutions, involving compensating balances or other arrangements involving restrictions on cash balances and line - of - credit or similar arrangements.
 - c. Agreements to repurchase assets previously sold.
 6. There are no -
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.
 7. There are no unasserted claims or assessments that we know of which are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5.
 8. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
 9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.
 10. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.



James Bullock
President

Frank King
Treasurer

Mary Anna Burgee
Bookkeeper



HYATTSTOWN VOLUNTEER FIRE DEPT., INC.

**25801 FREDERICK ROAD
CLARKSBURG, MARYLAND 20871**

JULY 27, 1982

MR. BILL R. BLISS, CHAIRMAN
MONTGOMERY COUNTY FIRE/RESCUE COMMISSION
EXECUTIVE OFFICE BUILDING
101 MONROE STREET
ROCKVILLE, MARYLAND 20850

DEAR MR. BLISS,

THIS LETTER IS TO INFORM THE FIRE/RESCUE COMMISSION THAT THE HYATTSTOWN VOLUNTEER FIRE DEPARTMENT HAS SPENT \$300.00 OUT OF THE FY81-82 BUDGET, CODE #627 (BUILDING AND GROUNDS) FOR THE INSTALLATION OF SHOWER DOORS IN THE MENS BATH ROOM AT STATION 29. ALTHOUGH THESE ITEMS ARE IN THE FY82-83 ALLOTMENT WE FELT THAT FOR THE SAFETY OF THE PERSONNEL AT STATION 29 IT WAS A NECESSITY AT THIS TIME.

WHEN THE SHOWER NOZZLES WERE INSTALLED AT STATION 29 THEY WERE POINTED DIRECTLY AT THE ENTRANCE. SHOWER CURTAINS SIMPLY DO NOT RETAIN THE WATER TO THE SHOWER STALLS. EACH TIME SOMEONE TAKES A SHOWER THE BATH ROOM FLOOR IS FLOODED WITH AN INCH OR MORE OF WATER. THE POSSIBILITY OF ELECTRICAL SHOCK ALONE WE FEEL IS JUSTIFICATION FOR INSTALLING THE DOORS AT THIS TIME. WE HAVE BEEN FORTUNATE THAT NO ONE HAS BEEN INJURED FROM SLIPPING OR FALLING ON THE WET FLOOR

I AM SURE THAT THE COMMISSION IS WELL AWARE OF THE INCREASE IN BOTH INJURIES AND WORKMANS COMPENSATION CLAIMS IN THE COUNTY AND WE FEEL THAT \$300.00 FOR THESE DOORS IS FAR LESS THAN THE HOSPITAL BILLS OF SOMEONES INJURIES.

THERE IS ALSO SOME CONCERN AS TO WHAT DAMAGE MAY RESULT TO THE BUILDING WITH THIS AMOUNT OF WATER ACCUMULATING IN THE LOW AREAS.

THE OTHER REASON FOR THIS LETTER IS THAT OUR ADMINISTRATIVE ASSISTANT VOICED SOME CONCERN ABOUT UTILIZING THIS MONEY BEFORE THE FY 82-83 BUDGET WENT INTO EFFECT.

CONTRACTORS CONTACTED FOR ESTIMATES ALSO ADVISED US OF A JULY 1 PRICE INCREASE FOR BOTH MATERIALS AND INSTALLATION FEES.

EXHIBIT N

Letter from Pres., HVFD
to Chair, F/R Commission

(1)

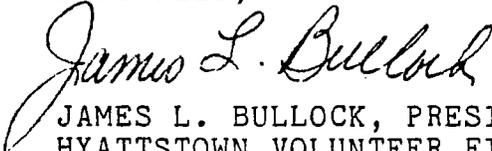
BUSINESS PHONES: FREDERICK COUNTY 831-8499 MONTGOMERY COUNTY 972-3398

PAGE 2

OTHER ITEMS THAT WERE PURCHASED THIS YEAR (FY 81-82) FROM CODE #627 WERE A DEHUMIDIFYING SYSTEM BECAUSE OF THE DRY HEAT IN THE BUILDING THAT REMOVES ALL MOISTURE FROM THE AIR IN THE BUILDING. AN ADDITIONAL RUNNING GEAR RACK FOR THE ENGINE ROOM FOR NEW MEMBERS. REPLACEMENT OF THE COMMERCIAL TYPE ELECTRIC STOVE BURNERS WITH A MORE COST EFFECTIVE SYSTEM AND THE REPLACING OF BROKEN AND DAMAGED APPLIANCES FOR THE CENTRAL VACUUM CLEANER SYSTEM.

IF YOU HAVE ANY QUESTIONS CONCERNING THIS MATTER PLEASE CONTACT ME AS SOON AS POSSIBLE.

SINCERELY,



JAMES L. BULLOCK, PRESIDENT
HYATTSTOWN VOLUNTEER FIRE DEPARTMENT
25801 FREDERICK ROAD
CLARKSBURG, MARYLAND 20871

M E M O R A N D U M

March 16, 1979

TO: ALL DEPARTMENTS AND AGENCIES

FROM: John W. Short, Director, Budget & Research

SUBJECT: Budgetary Change form

A revised form is attached and is to be used effective this date when requesting a substitution of capital outlay, reallocation of appropriation, a County Executive Transfer, a County Council Transfer or a supplemental appropriation. Additional documentation should be attached when necessary to justify the request.

For your use, some current definitions are provided:

Appropriation - Permission or authorization to spend money within a specified dollar limit for an approved work program. A specific amount indicated in the appropriation resolution passed each year by the County Council. For operating budget purposes, appropriations are made at the department level for salaries and wages, operating expense and capital outlay (3 appropriations). Within these categories but at lower levels (e.g., division, activity, subactivity), are appropriation allocations.

Reallocation of Appropriation - Shifting of planned expenditures within the appropriation. An example (see sample) is an operating expense from one division or activity or subactivity to operating expense of another subactivity, activity or division within the same department.

County Executive Transfer - The County Executive is authorized by Charter to approve transfers of appropriations within the department, not to exceed 10% of the original appropriation. An example (see attached) would be transferring an operating expense within a division, activity, or subactivity to salaries and wages of another division, activity, or subactivity within the same department. (It could be the same division, activity and/or subactivity.)

County Council Transfer - The County Council is authorized by Charter, and upon the recommendation of the County Executive, to approve transfer of appropriations up to 10% of the original appropriation to another appropriation outside of the department providing the appropriation to be transferred.

Supplemental Appropriation - A new, overall increase in authority to spend money and which requires indicating a source of funding. A supplemental appropriation can only be authorized by the County Council upon the recommendation of the County Executive and then only within conditions specified by Charter.

EXHIBIT 0
Procedure for substitution
of capital outlay (3 pages)

Account - pseudo code - a six digit code which is a basic building block of the accounting system (FAMIS) and is required on all financial transactions.

Project/Location - a six digit code which may be used with the pseudo code for specific groupings of expenditures.

Object Code - a two digit code used with almost all financial transactions which group expenditures by category so as to make possible the summarization on a Countywide basis, of certain types of expenditures and budgets (e.g., utilities, printing, motor pool).

Department, Agency, Activity, Subactivity - Levels of groupings of pseudo codes (and project and object codes). The highest level is department, then agency (4 digit code) then activity (2 digit), then subactivity (2 digit).

While this list of definitions does not describe every code or word used in the budget process, it does cover most areas required for the preparation of a BR 10. Any additional questions you may have should be directed to the appropriate budget analyst on 279-1611.

EAL:ec



HYATTSTOWN VOLUNTEER FIRE DEPT., INC.

**25801 FREDERICK ROAD
CLARKSBURG, MARYLAND 20734**

August 4, 1981

TO: All career and volunteer members

FROM: James L. Bullock, President

SUBJECT: Purchases and expenditure of funds

Effective immediately all purchases for or in behalf of the Hyattstown Volunteer Fire Department shall be authorized in advance before such purchases are bought. This includes any cash purchases that reimbursement will be requested, and any charges to Department accounts. All items requiring purchase orders shall have such purchase order written and approved (including all shipping or transportation cost) before the purchase is made.

Authorization and approval for purchases is granted by the Board of Directors through the President. No one else has the authority to authorize purchases in behalf of the Department.

Any purchases made without prior authorization shall be the responsibility of those making the purchase. The Department will not pay the bill.

EXHIBIT P
HVFD internal regulations
on purchasing authority

OVERALL COMMENTS
FIRE DEPARTMENTS AS A GROUP

Accounting and Reporting Function

A majority of the fire departments do not have the internal capacity to maintain their books on an accrual basis and prepare financial statements in accordance with generally accepted accounting principles. In addition, the County Government does not provide the departments with much guidance or support in the accounting and reporting areas.

The departments' lack of adequate capability in these areas prevents them from effectively meeting accounting and reporting requirements as established by the County Council or other authoritative bodies such as the National Council on Governmental Accounting (NCGA). In some cases, the accounting and reporting inadequacies may impair the ability to effectively operate and administer the budget.

While the scope of our work was not sufficient to enable us to recommend a "best solution," we believe the following possible alternatives are appropriate and should be considered by the County.

EXHIBIT Q
Touche Ross & Co.
comments on FY 81
Fire Department audits
(4 pages)

A. County Government Maintenance

We believe it may be feasible for the County Government to maintain the accounting records and prepare financial statements for the "tax fund" activity of the various fire departments. This approach may be desirable from both an administrative and economic standpoint. The largest expenditure made by the fire departments (payroll) is already being administered and accounted for by the County Government. Additional activities such as accounts payable and cash disbursement processing could probably be incorporated into existing systems maintained by the County.

This approach would probably require the addition of one professional accountant and one clerical person to the present Finance Department staff. The professional accountant would be responsible for: coordinating all accounting and budgeting activities of the departments, establishing and maintaining appropriate controls, implementing procedures necessary to comply with the reporting requirements of the County Council and the NCGA and the preparation of monthly or quarterly financial statements.

B. Internal Audit Review

Accounting and reporting practices could probably be improved by establishing a liason within the Division of

Auditing to monitor the accounting activities of the departments and provide guidance and consulting assistance as necessary. The internal audit individual would be responsible for implementing procedures and controls to ensure good accounting and management practices and compliance with all reporting requirements.

Because of the number of departments and their dispersed locations, this would probably be a full-time job.

C. Fire Commission Approach

This approach would be similar to the Internal Audit Approach. A position would be created within the Fire Commission to establish, administer and maintain the accounting and reporting functions of the various fire departments. The position would be filled with a professional accountant, whose responsibilities would encompass many of the activities discussed in "A" and "B," above.

D. Use of External Accounting Professionals

Some of the departments presently engage outside accountants to assist in the accounting and reporting function. We noted that departments which utilize the assistance of a professional accountant generally have more

accurate and complete financial statements prior to the audit. In these cases, the accountant's scope of services would probably be expanded and given more precise direction to implement fully this recommendation.

This approach would involve the retention of a local CPA firm or accountant, by each department. As a minimum, the firm or accountant would provide monthly assistance to the department by "closing the books" and preparing accrual basis financial statements. Guidelines for financial statement format would be provided by the County. It would be the responsibility of the fire department and the accountant to obtain the necessary information to reflect all department transactions and to prepare statements in accordance with generally accepted accounting principles as established by the AICPA and NCGA. The accountant would also be retained to assist in the closing of the books and audit preparation at the fiscal year-end.

We estimate that the cost of this approach would not be very large. The incremental cost would be less for departments presently using an outside accountant or in cases where the engagement of an outside accountant would reduce the necessary internal personnel requirements.

This approach would give the individual departments some independent flexibility as long as County established accounting and reporting requirements are being met.



Montgomery County Government

September 14, 1982

James L. Bullock, President
Hyattstown Volunteer Fire Department
25801 Frederick Road
Clarksburg, Maryland 20871

Dear President Bullock:

The Commission received your letter regarding spending in the #627 account and monies spent from Operating Expenses for Capitol Outlay items.

The Commission understands your changing needs; however, we would like to call to your attention the following:

1. You may not spend monies from FY '83 prior to July 1, 1982.
To do so is contracting or purchasing before monies are available.
This can not happen again.
2. It is required that you come to the Commission for approval for any substitution or changes in your Capital Outlay.

The Commission is legally charged with the responsibility that tax monies be properly handled through budget procedures which are correctly followed by the corporations. To do otherwise forces the Commission to take steps for stricter budget control.

Remember, items must not be purchased without prior Commission approval. To do otherwise causes serious problems for all involved.

Sincerely,

Bill R. Bliss
Chairman

MDG:ns

EXHIBIT R
Response from Chairman,
F/R Commission to HVFD