

MANAGEMENT GUIDE

**For WV Volunteer Fire
Departments**

2012 Edition

**OFFICE OF THE LEGISLATIVE AUDITOR
POST AUDIT DIVISION**

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305-0610

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Introduction

What is allowable? What is not allowable? What documentation should we keep? What is a commingled account? How do I file my financial statement? How should we maintain our records? What is internal control? These are some of the common questions and issues that result in findings we see repeated in many of our audits each year.

We have developed this handbook to provide a comprehensive resource for instructions, tips and guidance to assist the department in developing and implementing effective accounting practices and internal controls necessary to meet reporting requirements and to prevent loss due to error or fraud and avoid many of the common findings we see. We welcome any suggestions on improving this publication.

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For more information about the Legislative Post Audit Division, please visit our website at www.legis.state.wv.us/Joint/postaudit/postaudit.cfm

Funding

WEST VIRGINIA CODE

12-4-14-g
33-3-14d(3)
33-3-33(b)
8-15-8(b)

Funding for Volunteer Fire Departments may come from various sources such as, Donations, Bingo, Raffles, County, Federal, Municipal, and State sources. Each source of funding may have different criteria for receiving, governing and expending funds.

State funding of Volunteer Fire Departments and Part Volunteer Fire Departments is established by West Virginia State code 12-4-14-g, 33-3-14d(3), 33-3-33(b) and 8-15-8(b) and is governed by its criteria. In order to provide the fire fighting equipment, training, and maintain the fire departments in West Virginia, additional revenue has been allocated from a 0.55% surcharge imposed on fire and casualty insurance policies issued in West Virginia. All of the funds collected from this surcharge go to Volunteer Fire Departments.

An additional 1% was allocated to be levied on fire and casualty insurance policies. These funds are collected by the Insurance Commissioner and transferred to the State Treasurer's Office for distribution. Twenty-five (25%) of this 1% surcharge goes to the Volunteer Fire Departments.

VOLUNTEER FIRE DEPARTMENT

EXAMPLES OF ALLOWABLE EXPENDITURES

The following examples of allowable expenditures are based on past audits. They do not constitute advice or authorization to take any particular action, and we reserve the right to revise our past positions in future audits. Volunteer Fire Departments may wish to consult with legal counsel for specific guidance.

Revenues allocated to the fire department may only be used for expenditures reasonably required for effective and efficient fire protection service, used for the public good, made in accordance with their Corporate Charter and by laws, and authorized by Chapter 8. Article 15, Section 8(b) of the West Virginia Code, as amended.

Listed below are examples of **allowable disbursements** based on past audits:

- (1) Enter the total amount of State funds that were spent according to Chapter 8, Article 15, Section 8b (1) of the State Code of West Virginia, as amended.

Personal protective equipment, including protective head gear, bunker coats, pants, boots, combination of bunker pants and boots, coats and gloves;

Payments for:

1. **Suspenders**
2. **Coats**
3. **Helmets**
4. **Bunker Boots**
5. **Elkskin Gloves**
6. **Hazmat Suits**

- (2) Enter the total amount of State funds that were spent according to Chapter 8, Article 15, Section 8b (2) of the State Code of West Virginia, as amended.

Equipment for compliance with the national fire protection standard for automotive fire apparatus, NFPA-1901;

1. **Payments for the purchase of any equipment that falls under the guidelines of the NFPA - 1901 Standards**

- (3) Enter the total amount of State funds that were spent according to Chapter 8, Article 15, Section 8b (3) of the State Code of West Virginia, as amended.

Compliance with insurance service office recommendations relating to fire departments;

Payments for:

1. **Training costs, in that training is one of the prerequisites required in the ratings done by the insurance service office.**
2. **Costs incurred by complying with recommendations made by the insurance service office.**

- (4) Enter the total amount of State funds that were spent according to Chapter 8, Article 15, Section 8b (4) of the State Code of West Virginia, as amended

Rescue equipment, communications equipment and ambulance equipment: *Provided*, That no monies received from the municipal pensions and protection fund or the fire protection fund may be used for equipment for personal vehicles owned or operated by volunteer fire company or department members;

Payments for:

1. **Rescue equipment such as fire hoses, jaws of life, air tanks, etc.**
2. **Purchase of pagers, two - way radios and accessories**
3. **Repairs to pagers and radios**
4. **Ambulances and ambulatory supplies**

- (5) Enter the total amount of State funds that were spent according to Chapter 8, Article 15, Section 8b (5) of the State Code of West Virginia, as amended.

Capital improvements reasonably required for effective and efficient fire protection service and maintenance of the capital improvements;

Payments for:

1. **Costs associated with the construction of facilities**
2. **Maintenance and repairs to facilities and equipment**
3. **Purchase of land**

- (6) Enter the total amount of State funds that were spent according to Chapter 8, Article 15, Section 8b (6) of the State Code of West Virginia, as amended.

Retirement of debts;

Payments for:

1. **Mortgages (building, land, etc.)**
2. **Long-Term loan agreements**
3. **Lease-purchase payments**

(7) Enter the total amount of State funds that were spent according to Chapter 8, Article 15, Section 8b (7) of the State Code of West Virginia, as amended.

Payment of utility bills;

Payments for:

1. **Electric service**
2. **Gas service**
3. **Water service**
4. **Telephone service**
5. **Purchase of coal for heating**
6. **Purchase of heating oil**
7. **Phone service**

(8) Enter the total amount of State funds that were spent according to Chapter 8, Article 15, Section 8b (8) of the State Code of West Virginia, as amended.

Payment of the cost of immunizations, including any laboratory work incident to the immunizations, for firefighters against hepatitis-b and other blood borne pathogens: *Provided*, that the vaccine shall be purchased through the state immunization program or from the lowest cost vendor available: *Provided however*, that volunteer or part volunteer fire companies and departments shall seek to obtain no cost administration of the vaccinations through local boards of health: *Provided further*, that in the event any volunteer or part volunteer fire company or department is unable to obtain no cost administration of the vaccinations through a local board of health, the company or department shall seek to obtain the lowest cost available for the administration of the vaccinations from a licensed health care provider;

Payment for

The cost(s) of immunizations, including any laboratory work necessary for the vaccination.

(9) **Do Not Use** - Filing fee is no longer required under WV Code 12-4-14. Please do not remit filing fee.

(10) Enter the total amount of State funds that were spent according to Chapter 8, Article 15, Section 8b (10) of the State Code of West Virginia, as amended.

Property/casualty insurance premiums for protection and indemnification against loss or damage or Liability; and

Payment for:

Property and/or casualty insurance premiums on a Building and Automobiles. (Board of Risk and Insurance Management or private carrier)

- (11) Enter the total amount of State funds that were spent according to Chapter 8, Article 15, Section 8b (11) of the State Code of West Virginia, as amended.

Operating expenses reasonably required in the normal course of providing effective and efficient fire protection service, which include, but are not limited to, gasoline, bank fees, postage and accounting costs.

Payments for:

1. Gasoline and diesel fuel
2. Bank service charges and fees
3. Postage costs for mailing utilities, reports, and other items allowed under this code section
4. Accounting costs
5. Office supplies

- (12) Enter the total amount of State funds that were spent according to Chapter 8, Article 15, Section 8b (12) of the State Code of West Virginia, as amended.

Dues paid to national, state and county associations

Payments for:

Any payment made to an association pertaining to fire protection services.

- (13) Enter the total amount of State funds that were spent according to Chapter 8, Article 15, Section 8b (13) of the State Code of West Virginia, as amended.

Payments for:

Worker's Compensation Premiums.

- (14) Enter the total amount of State funds that were spent according to Chapter 8, Article 15, Section 8b (14) of the State Code of West Virginia, as amended.

Payments for:

Life Insurance Premiums to provide a benefit not to exceed \$20,000 for firefighter.

- (15) Enter the total amount of State funds that were spent according to Chapter 8, Article 15, Section 8b (15) of the State Code of West Virginia, as amended.

Educational and training supplies and fire prevention promotional materials, not to exceed \$500 per year.

Payments for:

Any payment made for rulers, pencils, stickers, etc. used for educational, training and promotion of fire prevention.

VOLUNTEER FIRE DEPARTMENT

EXAMPLES OF UNALLOWABLE EXPENDITURES

The following examples of unallowable expenditures are based on past audits. They do not constitute advice or authorization to take any particular action, and we reserve the right to revise our past positions in future audits. Volunteer Fire Departments may wish to consult with legal counsel for specific guidance.

Any expenditure that does not meet the criteria of categories (1) through (15) of allowable expenditures as authorized by Chapter 8, Article 15, Section 8b is not allowable. Your department may be required to reimburse your state account for unallowable expenditures.

Revenues allocated to the fire department may only be used for expenditures reasonably required for effective and efficient fire protection service, used for the public good, made in accordance with their Corporate Charter and by laws, and authorized by Chapter 8, Article 15, Section 8(b) of the West Virginia Code, as amended.

Listed below are examples of **unallowable disbursements** based on past audits:

1. Sales Taxes
2. Food, Water, Soda, Alcoholic beverages, Candy, etc.
3. Dress uniforms
4. Personal items, shampoo, cologne, etc
5. Flowers
6. Gifts
7. Flags
8. Halloween decorations
9. Christmas decorations
10. Christmas party expenses
11. Award ceremony expenses
12. Expenditures for fund raising activities, change funds
13. Lights, Light bar, Sirens for personal vehicle
14. Fuel for personal vehicle
15. Use of department vehicles and equipment for personal business
16. Any repair to vehicles or equipment the department does not own.

Documentation

Since volunteer fire departments receive public tax monies, department officials have a responsibility to the public to conduct the department’s financial affairs in a businesslike manner, keeping financial records which provide a documented audit trail and can easily verify the propriety of all department transactions. The treasurer, board, and officers are all responsible for insuring that proper documentation is maintained. Proper documentation protects your department from fraud. The following documentation should be maintained and is required when we are engaged to audit your department.

Expenditures:

The most common finding we see is improperly documented expenditures. Your department may be required to reimburse your state account for improperly documented expenditures.

All expenditures must be documented with an itemized invoice or receipt from a licensed or registered business. Vendor statements are not acceptable. An itemized invoice shows the vendor name and address, department name and address as well as the date, quantity, price, item description, and amount of each item purchased.

Example Itemized Invoice

<p>FIRE EQUIPMENT INC. 123 Station Lane Flames, WV 25555 Phone (304) 555-5555 P.O. No. 123456789</p> <p>BILL TO: ABC VFD 123 Fire Lane Flames, WV 25555</p>	<p>INVOICE</p> <p>INVOICE #[100] DATE: MARCH 7, 2013</p> <p>SHIP TO: ABC VFD 123 Fire Lane Flames, WV 25555</p>																								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Quantity</th> <th style="width: 60%;">DESCRIPTION</th> <th style="width: 15%;">RATE</th> <th style="width: 15%;">AMOUNT</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Hose <i>Line item 4</i> <i>(engine 41)</i></td> <td style="text-align: right;">500.00</td> <td style="text-align: right;">500.00</td> </tr> <tr> <td style="text-align: center;">5</td> <td>Helmets <i>Line item 1</i> <i>(new fire fighters)</i></td> <td style="text-align: right;">40.00</td> <td style="text-align: right;">200.00</td> </tr> <tr> <td style="text-align: center;">1</td> <td>Training Video Set <i>Line item 3</i> <i>(fire fighting training video)</i></td> <td style="text-align: right;">150.00</td> <td style="text-align: right;">150.00</td> </tr> <tr> <td colspan="2" style="text-align: center;"> <p><i>PAID WITH CHECK #1234</i></p> <p><i>Ok Chief Smith</i></p> </td> <td></td> <td></td> </tr> <tr> <td colspan="2" style="text-align: center;"> <p>Make all checks payable to Fire Equipment Inc. Net 30 Thank you for your business!</p> </td> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">850.00</td> </tr> </tbody> </table>		Quantity	DESCRIPTION	RATE	AMOUNT	1	Hose <i>Line item 4</i> <i>(engine 41)</i>	500.00	500.00	5	Helmets <i>Line item 1</i> <i>(new fire fighters)</i>	40.00	200.00	1	Training Video Set <i>Line item 3</i> <i>(fire fighting training video)</i>	150.00	150.00	<p><i>PAID WITH CHECK #1234</i></p> <p><i>Ok Chief Smith</i></p>				<p>Make all checks payable to Fire Equipment Inc. Net 30 Thank you for your business!</p>		TOTAL	850.00
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The treasurer should document the propriety, (authority, use and purpose) of each expenditure. The membership should review and approve all expenditures monthly. The treasurer should write on the invoice and make a notation in the check ledger detailing the authority, use and purpose of each expenditure.

The treasurer should write the check number on the invoice and write or stamp paid on the invoice to reduce the risk of duplicate payment. You may wish to make a copy of the check and attach it to the invoice and any delivery information. Invoices should be filed and maintained in a secure manner in which the department can most efficiently retrieve the documentation. The department may wish to file invoices by vendor, alphabetically, or by check number. However, all documentation must be retained.

Repair Log

A log should be keep for repairs to vehicles and equipment detailing equipment ID, serial or model #, repair date, vendor, and expenditure amount.

Fuel Purchases:

All fuel purchases must be for department use only. No state funds may be used to purchase fuel used in personal vehicles or department vehicles used for personal use. The department is required to document the date, gallons, equipment id and amount of all fuel purchases. A gas log may be kept to document department fuel purchases. The department may be required to reimburse their state account for fuel purchases that are not properly documented.

FUEL LOG

Vehicle Id: #1 Vehicle description: Engine 21

Date	Vendor	Odometer	Gallons	Unit Price	Amount	Name of Purchaser	Description
11/1/2012	Brown's Exxon	20544	40	4.05	\$162.00	Chief Joe Jones	Diesel
11/7/2012	Star City BP	20624	10	3.99	\$39.90	Joe Smith	Diesel
Totals			50		\$201.90		

See attached receipts

Checks:

Expenditures should also be documented by a cancelled check or debit evidenced on your monthly bank statement. Check amounts should be for the amount as shown on the invoice. Checks should be recorded in order. See *record keeping page 15*

Voided checks

Important: All original documentation for voided checks and checks used to document electronic debits must be kept.

Checks to individuals:

Protect yourself and the department. The treasurer should not write checks payable to themselves, cash or other individuals for reimbursements and advances using your state account. The department should make the check payable to the vendor or use an alternate allowable account for reimbursements. All checks should be documented with an itemized invoice or receipt.

Deposits:

The department should maintain a record of all deposits, copies of deposit slips, emails and bank statements for deposits made in your state account. The only deposits reported in your state account should be from treasury deposits and any interest accrued on your state funds. See *commingled funds page 12*. Deposits from your bank statements are reported on line 2a and interest is reported on line 2b of your annual financial statement.

Overpayments, refunds, reimbursements:

Overpayments, refunds, and reimbursements should be reported in the account and line item in which the expenditure was made and in the period in which the funds were received. For example if you receive a check for overpayment of rescue equipment purchased from your state account, the overpayment should be deducted from the total expenditures reported on line item 3(4) of your financial statement. Similarly, if you receive a reimbursement for payment of workers compensation premium paid from your state account, the refund amount should be deducted from total expenditures reported on line 3(13) of your financial statement.

At a minimum, volunteer fire department officials should maintain the following documents, as applicable:

- Original invoices or receipts for all expenditures (Please note that account statements are not acceptable.)
- Bank statements and account reconciliations
- Canceled checks
- Financial journals
- Financial ledgers
- Duplicate deposit slips
- Training certificates
- Mutual fund statements
- Custodial account statements and agreements
- Investment documents
- Loan and mortgage agreements
- Insurance policies
- Minutes of all department meetings
- WV Sales Tax Exemption certificate (if applicable)
- Federal Tax Identification Number certificate
- Vehicle titles
- Current department bylaws
- Cumulative equipment roster
- Membership roster of the department
- Names and addresses of all department officials

Commingled funds:

Another common finding we see is commingled funds. Commingling of funds means depositing or transferring any funds, other than your quarterly treasury deposit into your state account or depositing or transferring state funds from your state account to a non state account. Funds received from the state must be maintained, expended, and accounted for in a separate account.

Chapter 8, Article 15, Section 8(b) of the West Virginia Code, as amended, states in part:

“Authorized expenditures of revenues from the municipal pensions and protection fund and the fire protection fund.

Revenues allocated to volunteer and part volunteer fire companies and departments may be expended only for the items listed in subdivisions (1) through (15) of this section. Funds received from the state for volunteer and part volunteer fire companies and departments, pursuant to sections fourteen-d and thirty-three, article three, and section seven, article twelve-c, all of chapter thirty-three of this code, **may not be commingled with funds received from any other source.” Emphasis added**

Record Keeping: Effective Internal Control

Tone at the top

One of the primary responsibilities of the Board of Governors is to make sure that proper internal controls are maintained in order to help protect department assets from fraud, waste, abuse, and possible misappropriation of funds. Officers' attitudes and expectations concerning control policies and procedures are critical to establishing effective internal control. Officers should fairly administer control policies and procedures to insure the membership is informed of policies and procedures and knows what to expect when policies are not followed.

Internal control is the process, effected by the entity's board of directors, management and other personnel, designed to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations.¹ Safeguarding assets against theft and unauthorized use, acquisition, or disposal is also part of internal control.

Control Policies and Procedures

We offer the following accounting policies and procedures to help provide a basis for effective internal control.

Segregation of duties requires that different individuals be assigned responsibility for different elements of related activities, particularly those involving **authorization**, **custody**, or **recordkeeping**.

Authorization

The department should establish clear authority for authorization of expenditures. The treasurer or record keeper should not have the authority to authorize transactions. All expenditures should be authorized by the membership.

The department should establish a written budget, detailing the types, amounts, and limits of authorized annual expenditures and projected revenues. The membership should vote on the approved budget.

Proposed expenditures should be reviewed, discussed, and approved by the membership. The board should establish a limit for emergencies authorized by the Chief or designee; provided written documentation is maintained.

The treasurer or record keeper should provide a list of all monthly expenditures to the Board. Board members should review all monthly expenditures and compare it with their budget. The

¹ AIPCA White Paper "Understanding Internal Control and Internal Control Services"

Board should investigate any questionable or unauthorized expenditure. The board should also investigate any expenditure that exceeds the authorized budget.

The review of financial information should not be limited to the board or a select group of members. An audit committee should be established to review department records for proper endorsement, documentation and accuracy. Members of the audit committee should be independent of the responsibilities of authorization and recording transactions. Once a month the committee should review selected expenditures and trace them to the underlying documentation. They also should review and compare account reconciliations and bank statements with the departments financial statements. Any unlawful expenditure should be documented and reported to the board. If the board fails to take action, the membership should report any unlawful expenditure to authorities.

The secretary should make and maintain minutes detailing the authorization, review and approval of all expenditures.

Custody

The Board and the treasurer share in the responsibility for the custody of their financial records. The department should establish written procedures for the custody and retention of financial records. Records should be maintained in a secure central location.

1. Records should be maintained in a location not susceptible to floods.
2. Records should be maintained in a locked fire proof file cabinet.
3. Vital records should be maintained in a safety deposit box.
4. Periodic back up of your computer files should be made.
5. Copies and backups of all important records and programs should be maintained at a secure, off site location.
6. Physical access to records should be limited.
7. The Board should secure records when there is a change in treasurers.

The department should establish written policies and procedures for safeguarding assets against theft and unauthorized use, acquisition, or disposal.

1. A record of all vehicles, equipment, and supplies should be maintained. See Appendix 5
2. A fuel log should be maintained.
3. A repair log should be maintained.
4. The chief or designee should take a periodic inventory of selected items.
5. A complete inventory should be taken on an annual basis.
6. The department should establish written policies for who has authority to access what equipment.
7. The department should establish written procedures for members who misappropriate or misuse assets or violate department policies.

8. Board members and officers should monitor and report unauthorized use of department vehicles, equipment or supplies.
9. Expensive equipment or other items susceptible to theft should be secured and access limited.
10. The board should provide written documentation for the purchase or disposal of equipment.
11. Maintain a list of people who have keys and change locks periodically or when deemed necessary.
12. Security cameras can be installed to detect and deter theft.

Record Keeping

Documentation provides the foundation for an effective reporting system. The treasurer of the department should provide sufficient documentation to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. The department **must** maintain sufficient records and reconciliations, to protect the legal and financial rights of the department.

1. The treasurer **must** document all expenditures with an itemized invoice or receipt. See appendix G
2. Funds from the state formula distributions **must** be maintained in a separate bank account and not commingled with any other funds. See commingled page 12
3. The department **must** gain sufficient knowledge of West Virginia Code 8-15-8b to determine allowable expenditures. See allowable and unallowable pages 3 through 8
4. The department **must** file an annual financial statement and the treasurer **must** provide sufficient ledgers and reconciliations to support the department's annual financial statement balances. See appendix's A, B
5. The treasurer **must** maintain a detailed check register. See appendix F
6. The department **must** reconcile the bank statement each month. When possible, reconciliations should be performed by someone other than the person writing and recording the checks. See appendix H
7. A detailed schedule of all vehicles, equipment and supplies **must** be maintained. These schedules are important to track equipment, and can be used to prepare depreciation schedules for your form 990 and are required when your department is audited. See appendix D
8. The treasurer **must** document all fuel purchases with an itemized invoice or receipt. The invoice or receipt **must** state the vendor, date, gallons purchased, and amount, and should indicate the vehicle ID and purchaser. A fuel log should be maintained for each vehicle. See appendix C. Your department may be required to reimburse your state account for fuel expenditures that are not properly documented.

Checks:

1. The department should require two signatures to authorize and process all checks as well as transfers to a savings account. Checks should be marked two signatures required. The department should obtain written documentation from their bank verifying that two signatures are required.
2. The treasurer should obtain a letter or other documentation from the Board, Chief, or designee for electronic funds transfer (EFT) transactions, transfers or other debits.
3. Checks and banking information should be locked in a central location.
4. Checks **must** be used in order. Skipped checks should be voided.
5. All voided checks should be marked void and **must** be retained for documentation.
6. All checks **must** be accounted for. Checks used to document EFT and other debits must be retained for documentation.
7. **Never** sign a blank or incomplete check.
8. **Never** make a check payable to cash.
9. Checks should be marked void after certain period. "void after 90 days"
10. The treasurer should maintain documentation of authorization and propriety of all transactions. The treasurer should maintain the minutes of board meetings documenting authorized expenditures and the chief or their designee should initial all invoices for approval.

Endorsements:

Checks should never be made payable to cash, petty cash, yourself, the department, or individuals. Reimbursements for expenditures, change funds or advances for fund raising activities or holiday celebrations are not allowable under WV State code 8-15-8b.

The treasurer should properly endorse checks used to transfer funds to their state savings account. The treasurer should immediately write or stamp "For Deposit Only, Department Name Savings Account, and account number ". Checks should be made payable to "Department Name Savings Account". All deposit and bank statement information must be maintained. Your state savings accounts must not be commingled with funds from any other source.

Bylaws:

Bylaws set forth the specific operating procedures of the department. The department should update their bylaws to include applicable control policies and procedures. The bylaws should state the disposition of funds, equipment, and buildings upon dissolution.

When is my annual financial statement due?

An annual financial statement (sworn statement of expenditures) **or** a report (agreed-upon procedures engagement or other attestation engagement), performed and prepared by a certified public accountant is required to be filed with the Legislative Auditor each year. The report is limited to showing that the funds distributed were spent for authorized purposes. An audit is not required. However, if your department is audited the audit report may be submitted in place of a financial statement.

Your annual financial statement or report is due on or before the fourteenth day of February of each year.

If the sworn statement or report is not filed on or before the fifteenth day of May, the Legislative Auditor may conduct an audit of the volunteer or part-volunteer fire department.

If the sworn statement or report is not filed by the first day of July, the Legislative Auditor shall notify the State Treasurer who shall withhold payment of any amount that would otherwise be distributed to the fire department.

§12-4-14 (g) of the West Virginia Code as amended states in part:

(g) (1) Volunteer and part-volunteer fire departments receiving formula distributions pursuant to sections fourteen-d and thirty-three, article three, chapter thirty-three of this code and section seven, article twelve-c of said chapter shall either:

(A) File a report, as defined in subdivision (3), subsection (a) of this section with the Legislative Auditor within the same time frames as are required for sworn statements of annual expenditures to be filed under this section. The report shall be made by an independent certified public accountant at the cost of the volunteer or part-volunteer fire department. The scope of the report is limited to showing that the funds distributed were spent for authorized purposes; or

(B) File a sworn statement of annual expenditures with the Legislative Auditor on or before the fourteenth day of February of each year. The sworn statement of expenditures shall be signed by the chief or director of the volunteer fire department and shall be made under oath and acknowledged before a notary public.

(2) If the sworn statement or report required by this subsection is not filed on or before the fifteenth day of May, unless the time period is extended by the Legislative Auditor, the Legislative Auditor may conduct an audit of the volunteer or part-volunteer fire department.

(3) If the sworn statement of annual expenditures or report required by this subsection is not filed with the Legislative Auditor by the first day of July, unless the time period is extended by the Legislative Auditor, the Legislative Auditor shall notify the State Treasurer who shall withhold payment of any amount that would otherwise be distributed to the fire department under the provisions of sections fourteen-d and thirty-three, article three, chapter thirty-three of this code and section seven, article twelve-c of said chapter until the report is complete. Moneys withheld pursuant to this subdivision are to be deposited in the special revenue account created in the State Treasury in subdivision (4) of this subsection.

**VOLUNTEER FIRE DEPARTMENT
FINANCIAL STATEMENT INSTRUCTIONS**

LINE 1. Beginning Balance - Enter the amount of State funds (only) remaining for the previous year. This amount should be the same as the ending balance from the previous financial statement filed with our office and should equal your beginning balance as shown on your first bank statement.

Tip: Use the bank statement beginning closest to your year end. For example use beginning balance of statement dated 1/07/2012 for calendar year end 12/31/2012.

LINE 2a. Enter the total of State funds received by the department during the year for which you are filing the statement.

Tip: Use treasury deposits shown on your bank statements for your calendar or fiscal year.

LINE 2b. Enter the total amount of any interest earned on the department's state bank account during the year for which you are filing the statement.

Tip: Interest earned on State savings accounts, interest earned on State fund certificates of deposit, or interest earned on any other account containing investment of State funds is reported in the ending balance of State funds deposited in a savings account or investment such as a Certificate of Deposit (CD) reported at the bottom of the statement.

LINE 2c. Enter the total amount of State funds deposited from a State savings account or investment such as a Certificate of Deposit (CD).

LINE 2. Enter the total amount of receipts; lines 2a, 2b, 2c.

LINE 3. Enter the total amount, by line item, of State funds that were spent during the year according to Chapter 8, Article 15, Section 8b (1) through (15) of the State Code of West Virginia, as amended.

For further instruction and examples of allowable and unallowable expenditures see pages 3 through 8.

Tip: Use expenditure schedule to record and total your line item expenditures. See instructions for expenditure schedule.

Tip: Some departments use their state account for only large allowable expenditures such as truck payments which reduces their financial statement reporting and risk of reporting unallowable expenditures.

LINE 3a. Enter the subtotal of lines 3(1) through 3(15), State funds that were spent during the year according to Chapter 8, Article 15, Section 8b (1) through (15) of the State Code of West Virginia, as amended.

LINE 3b. Enter the total amount of State funds deposited into a State savings account or investment such as a Certificate of Deposit (CD).

LINE 3. Enter the total amount of disbursements; lines 3a, and 3b.

LINE 4. Enter ending balance of your State account (line 1 plus line 2 less line 3)

Tip: Your Ending balance (line 4) should equal beginning balance (line 1) plus receipts (line 2) less disbursements (line 3). Your ending balance should match your ending bank statement balance. If it does not, you should compare your recorded deposits, check amounts and other distributions with those from your bank statements.

Tip: Use the bank statement ending closest to your year end. For example use ending balance of statement dated 1/07/2013 for calendar year end 12/31/2012.

Tip: Your ending balance of State funds deposited in a savings account or other investment must be supported by a statement or other documentation. The department must maintain documentation of all transactions (deposits, withdraws, and transfers) for a State savings account or other investments.

Tip: State funds must not be commingled with funds from any other source. Funds authorized by §8-15-8b of the State Code of West Virginia, as amended, transferred to a savings account or other investment must be maintained in a separate savings account or other investment account and not commingled with other funds.

Tip: The department should not make any expenditure from their State savings account or other investment. The department should use their State bank account for all expenditures authorized by Chapter 8, Article 15, Section 8b.

Please mark Yes or No indicating whether or not your department received any state grants or other funds received subject to audit under Chapter 12, Article 4, Section 14 of the State Code of West Virginia for the year indicated above.

If you answer “Yes” to the above questions, please indicate how much money you received and for what purpose the money was granted.

Please have the statement signed by the Fire Chief or the Director and have it notarized if paper copy is used.

Tip: You may file your financial statement online. Filing your financial statement on line is easier, faster, and you do not have to have it notarized. See instructions for filing your financial statement online on page 26.

VOLUNTEER FIRE DEPARTMENT FINANCIAL STATEMENT

NAME OF VOLUNTEER FIRE DEPARTMENT	CALENDAR YEAR ENDING 12/31/____, OR
MAILING ADDRESS	IDENTIFICATION NUMBER (FEIN)
CITY OR TOWN, STATE AND ZIP	
Beginning Balance (State Fund Balance Carried Forward)	1
Receipts:	
State Funds Received Subject to Audit Under Chapter 12, Article 4, Section 8 of the Constitution of West Virginia	2a.
Interest Earned on State account during the year as shown on your bank statements	2b.
State funds deposited from a State Savings Account, Certificate of Deposit (CD), or other investment to your state checking account	2c.
Receipts (lines 2a., 2b. and 2c.)	2
Disbursements:	
Disbursements of State Funds (Chapter 8, Article 15, Section 8b of the Constitution of West Virginia):	
Chapter 8, Article 15, Section 8b(1)	3(1)
Chapter 8, Article 15, Section 8b(2)	3(2)
Chapter 8, Article 15, Section 8b(3)	3(3)
Chapter 8, Article 15, Section 8b(4)	3(4)
Chapter 8, Article 15, Section 8b(5)	3(5)
Chapter 8, Article 15, Section 8b(6)	3(6)
Chapter 8, Article 15, Section 8b(7)	3(7)
Chapter 8, Article 15, Section 8b(8)	3(8)
Chapter 8, Article 15, Section 8b(9)	3(9)
Chapter 8, Article 15, Section 8b(10)	3(10)
Chapter 8, Article 15, Section 8b(11)	3(11)
Chapter 8, Article 15, Section 8b(12)	3(12)
Chapter 8, Article 15, Section 8b(13)	3(13)
Chapter 8, Article 15, Section 8b(14)	3(14)
Chapter 8, Article 15, Section 8b(15)	3(15)
Subtotal of Disbursements (lines 3(1) thru 3(15))	3a.
State funds deposited to a savings account or investment such as a Certificate of Deposit (CD)	3b.
Total Disbursements (lines 3a. and 3b.)	3
Ending balance of your State account (Line 1 plus receipts less disbursements)	4

Enter the amount of State funds (only) remaining for the previous year. This amount should be the same as the ending balance from the previous financial statement filed with our office and should equal your beginning balance as shown on your first bank statement or general ledger.

Maintain bank reconciliation

Use treasury deposits shown on your bank statements for your calendar or fiscal year

Interest on state checking account only

Total of all transfers from state savings account, CD, or other investment to your state checking account

Add lines 2a, 2b, 2c

Use expenditure schedule to record and total your line item expenditures

Add lines 3(1) thru 3(15)

Total of all transfers to state savings account, CD, or other investment from your state checking account

Add lines 3a and 3b

Report the ending balance of state savings account, CD, or other investment from statement closest to your year end. Ending balance should include accrued investment interest.

Your ending balance (line 4) should equal beginning balance (line 1) plus receipts (line 2) less disbursements (line 3). Your ending balance should match your ending bank statement balance. If it does not, you should compare your recorded deposits, check amounts and other distributions with those from your bank statements

Record only state grants subject to audit under Chapter 12, Article 4, Section 14 of the State Code

Maintain bank reconciliation

You may file your financial statement online. Filing your financial statement online is easier, faster, and you do not have to have it notarized

Signature of Notary Public

Instructions for VFD Expenditure Schedule Worksheet

An expenditure schedule can be used to total line item expenditures and account for checks and other debits from your state account or general ledger. You may obtain this schedule in PDF or excel format from our website or email your request to ron.ash@wvlegislature.gov

1. Write your department's name in the second line of the heading (under the worksheet title).
2. Write "State Fund Expenditures" in the third line of the heading.
3. Write "For the Year Ended (either June 30 or December 31) (and the year for which you are scheduling the checks)" in the fourth line of the heading (under "State Fund Expenditures").
4. In the first column, write the date the check was written, or in the case of an electronic funds transfer (eft), the date the transaction took place. Please note that the check date you should write is the date on the actual check and may not be the same as the date the check cleared the bank.
5. In the second column, write the check number in sequence beginning with first cleared transaction. If the check was used for an eft, some banks still list the check number on your bank statements. In this instance, write "eft" and then the check number (if known).

Tip: All checks and other debits from bank statements should be accounted for beginning with the first check number that cleared. If subsequent checks cleared in prior period include check number and write "check cleared in prior period". Similarly, at the end of the period, include the check number of all outstanding checks and write "outstanding check – check not cleared" in the payee section of schedule. These are your reconciling items that are used to prepare your bank reconciliation.

6. In the third column, write the number of the invoice pertaining to this transaction. If the invoice does not have an actual invoice number, write the account number or order number to identify the invoice.
7. Write the date of the invoice pertaining to this transaction in the fourth column.
8. In the fifth column, write the payee of the check from the canceled check or check image on the bank statement or the payee of the eft from the bank statement.
9. Write the total amount of the check or eft in the sixth column.
10. At the bottom of the sixth column, add the total amount of all checks and eft's on the worksheet.
11. In columns 7-21, place the amount of the check or eft in the line item column (line item #1-#15) that pertains to the expenditure. A list of the line items with examples of allowable expenditures is included in this handbook. (See "Examples of allowable Expenditures") Note

that if the expenditures does not match any of the line items, it is unallowable. For examples of unallowable expenditures, see “Examples of unallowable Expenditures” in this handbook.

12. At the bottom of columns 7-21, write the total amount of expenditures placed in each line item category. For example, add all expenditures placed in line item #1 (the seventh column) and write the total at the bottom.

Tip: The totals from line items (1-15), columns 7-21 from expenditure schedule go on lines 3(1) thru 3(15) of the financial statement.

13. In the last column, write a brief description of the expenditure.

SAMPLE WORKSHEET TO AID IN PREPARING VFD FINANCIAL STATEMENT
 XYZ VOLUNTEER FIRE DEPARTMENT
 STATE FUND EXPENDITURES
 FOR THE YEAR ENDED DECMEBER 31, 2012

Account for all check numbers in numerical order beginning with first check cleared

Payee from check or bank statement

CHECK DATE	CHECK NO.	INVOICE NO.	INVOICE DATE	PAYEE	AMOUNT	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	DESCRIPTION
12/27/2011	99	Acct. 34276890003	12/15/2011	Power Co.	\$111.73									not used							power bill
12/30/2011	100	na	na	Check cleared prior year	na									not used							Check cleared prior year
12/30/2011	102	Acct. 3045555555	12/14/2011	Phone Co.	\$36.17																phone bill
1/25/2012	103	Account for checks cleared in previous period		Prevention Co,	\$500.00																rulers, pencils, stickers
1/31/2012	EFT			Service Charge	\$5.00											\$5.00					service Charge
2/20/2012	104	Acct. 3045555555	1/17/2012	Phone Co.	\$36.17																phone bill
2/20/2012	EFT 105	Acct. 34276890003	1/25/2012	Power Co.	\$103.26																power bill
2/20/2012	EFT 105	Trans. # 2188516	2/20/2012	Transaction fee Power Co,	\$5.00									not used		\$5.00					Transaction fee for EFT Power Co,
2/25/2012	Deposit	Acct. 34276890003		Reimbursement Worker Comp	-\$750.00									not used							Reimbursement from WV Treasurer
3/5/2012	106	List check number used for electronic fund transfers		School	\$200.00			\$200.00						not used							classes
3/5/2012	107	2			\$128.81			\$128.81						not used							rents room for school
3/25/2012	108	Acct. 3045555555		Co.	\$36.17									not used							power bill
3/25/2012	109	Acct. 34276890003		Co.	\$97.04									not used							power bill
VOIDED	110	VOIDED	VOIDED	VOIDED	VOIDED	VOIDED	VOIDED	VOIDED	VOIDED	VOIDED	VOIDED	VOIDED	VOIDED	VOIDED	VOIDED	VOIDED	VOIDED	VOIDED	VOIDED	VOIDED	VOIDED
3/21/2012	111	435125	3/25/2012	Fire and Rescue Equip.	\$154.23			\$154.23						not used							and mounting brackets
3/27/2012	112	Acct. 5466	3/25/2012	Workers Comp	\$750.00									not used				\$750.00			worker's comp. prem
4/3/2012	113	Loan 456789	3/25/2012	National Bank	\$2,500.00						\$2,500.00			not used							quarterly truck payment
4/7/2012	EFT	Trans. # 12555611	4/7/2012	Deluxe Business Forms	\$200.00									not used		\$200.00					checks
4/10/2012	114	445	3/21/2012	Rescue School	\$300.00			\$300.00						not used							auto extraction classes
4/23/2012	115	23451	3/27/2012	Office Depot	\$24.25									not used		\$24.25					office supplies
5/1/2012	116	Acct. 34276890003	4/3/2012	Power Co.	\$95.99									not used							power bill
5/5/2012	117	Acct. 3045555555	4/10/2012	Phone Co.	\$36.17									not used							phone bill
5/5/2012	118	489721	4/23/2012	Fire and Rescue Equip.	\$588.09			\$356.92		\$231.17				not used							light bar for fire truck & pager
5/12/2012	119	Acct. 34276890003	5/1/2012	Power Co.	\$71.22									not used							power bill
5/12/2012	120	Acct. 3045555555	5/5/2012	Phone Co.	\$36.17									not used							phone bill
5/12/2012	121	760	5/5/2012	Auto Repair	\$1,033.29					\$1,033.29				not used							new motor for brush truck
5/23/2012	Deposit	445	3/21/2012	Overpayment Rescue School	-\$50.00			-\$50.00						not used							overpayment inv 445 for training
6/5/2012	122	Acct. 34276890003	5/12/2012	Power Co.	\$64.33									not used							power bill
6/5/2012	123	Acct. 3045555555	5/12/2012	Phone Co.	\$36.17									not used							phone bill
6/13/2012	124	Loan 456789	6/5/2012	National Bank	\$2,500.00						\$2,500.00			not used							quarterly truck payment
6/13/2012	125	Acct. 5466	6/5/2012	Workers Comp.	\$750.00									not used				\$750.00			worker's comp prem
6/16/2012	126	798722	6/13/2012	Fire and Rescue Equip.	\$231.29	\$120.97				\$110.32				not used							faceshield, gloves and ax
7/25/2012	127	Acct. 3045555555	6/13/2012	Phone Co.	\$36.17									not used							phone bill
7/14/2012	128	Acct. 34276890003	6/16/2012	Power Co.	\$63.07									not used							power bill
8/1/2012	129	4456	6/16/2012	County Health Dept.	\$110.00								\$110.00	not used							hepatitis b vaccinations
7/30/2012	130	Acct. 3045555555	7/25/2012	Phone Co.	\$36.17									not used							phone bill
7/18/2012	131	Acct. 34276890003	7/14/2012	Power Co.	\$55.34									not used							power bill
7/24/2012	132	na	8/1/2012	Postmaster	\$4.95									not used		\$4.95					postage stamps
8/11/2012	133	Acct. 3045555555	7/18/2012	Phone Co.	\$36.17									not used							phone bill
8/11/2012	134	Acct. 34276890003	7/24/2012	Power Co.	\$42.65									not used							power bill
8/13/2012	135	Loan 456789	8/11/2012	National Bank	\$2,500.00						\$2,500.00			not used							quarterly truck payment
9/18/2012	136	Acct. 34276890003	8/11/2012	Power Co.	\$45.43									not used							power bill
9/19/2012	137	Acct. 3045555555	8/13/2012	Phone Co.	\$36.17									not used							phone bill
10/14/2012	138	7654398665	8/26/2012	Life Insurance Co.	\$250.00									not used					\$250.00		life insurance
10/14/2012	139	665098	9/18/2012	Fire and Rescue Equip.	\$23.78					\$704.76				not used							bunker pants & O2 tanks
10/23/2012	140	Acct. 34276890003		Phone Co.	\$36.17									not used							phone bill
11/10/2012	141	na		Red Cross	\$45.00			\$45.00						not used							first aid classes
11/17/2012	142	na		Liability Insu	\$2,705.00									not used		\$2,705.00					property and liability insurance
12/5/2012	143	675321	10/23/2012	Fire and Rescue Equip.	\$153.62			\$153.62						not used							helmet
12/5/2012	144	Acct. 34276890003	11/10/2012	Power Co.	\$41.25									not used		\$41.25					power bill
12/5/2012	145	na	na	Outstanding check - check not cleared										not used							Outstanding check - check not cleared
12/10/2012	Deposit	665098	9/18/2012	Refund Fire and Rescue Equip.	-\$300.00			-\$300.00						not used							refund for returned bunker pants
12/15/2012	146	na	na	Outstanding check - check not cleared										not used							Outstanding check - check not cleared
12/15/2012	147	na	12/5/2012	WV Association of VFD's	\$300.00									not used		\$300.00					annual VFD association dues
				TOTALS	\$17,356.25	\$598.37	\$511.15	\$623.81	\$1,046.25	\$1,033.29	\$7,500.00	\$1,189.18	\$110.00	not used	\$2,705.00	\$239.20	\$300.00	\$750.00	\$250.00	\$500.00	

Total amount of check or debit

Line item 9 not used Filing fee is no longer required - Please do not remit filing fee.

List check number used for electronic fund transfers

List voided checks

Record reimbursement for workers compensation as subtraction from the line item 13 in the period received and deposited.

Account for all outstanding checks

Total checks and other debits from bank statements or general ledger

Record refunds as subtraction from the line item in the period received and deposited.

Total of line items to financial statement lines 3(1) thru 3(15)

Login Instructions for filing financial statement on line

We now have that system in place and have assigned each Fire Department a unique user ID and temporary password. We suggest upon your first login, that you change your password and check the information, (address, phone number, etc.) to make sure it is correct. If there are any mistakes, omissions, or if any Department information has changed, please contact our office.

If you do not know your user ID or password, you may request your user ID and password by emailing your request to ron.ash@wvlegislature.gov. Please note your name must be on our list of contacts for your department. Please contact our office to update department contact information.

The web address for logging into the system is:

http://www.legis.state.wv.us/Joint/postaudit/postaudit.cfm?page=vfd_log

It can also be found by going to the West Virginia Legislature’s website www.legis.state.wv.us/ clicking on the tab “Joint”, and choosing Post Audit from the drop-down box. The link to the page is at the bottom labeled “VFD Financial Statement”.

Your Department’s Username: _____

Your Department’s Password: _____

Instructions, blank financial statements, examples of expenditures, expenditure schedules, and other information are available on the login page of the website.

How do I change my banking information?

If changes need to be made to your banking information, or if you need to sign up for direct deposit, please visit the following website:

www.wvsao.gov/ElectronicPayments/DirectDepositForms.aspx

Counties, Municipalities & Volunteer Fire Departments that receive severance taxes or surcharges and want to setup or change their direct deposit please download the appropriate form below:

Severance & Surcharge Taxes Direct Deposit Setup
Severance & Surcharge Taxes Direct Deposit Change
Severance & Surcharge Taxes Direct Deposit Cancel
VFD Direct Deposit Setup
VFD Direct Deposit Change
VFD Direct Deposit Cancel

Helpful Links

Legislative Post Audit - www.legis.state.wv.us/
WV State Fire Marshall - www.firemarshal.wv.gov/
Quarterly distributions - www.wvsto.com/dept/Admin/Tax/Pages/Volunteer.aspx
Federal Grants - www.fema.gov/welcome-assistance-firefighters-grant-program

Appendix A
Financial Statement

VOLUNTEER FIRE DEPARTMENT FINANCIAL STATEMENT

NAME OF VOLUNTEER FIRE DEPARTMENT	CALENDAR YEAR ENDING 12/31/____, OR	
	FISCAL YEAR ENDING ____/____/____ MO DAY YR	
MAILING ADDRESS	FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEIN)	
CITY OR TOWN, STATE AND ZIP CODE	PHONE NUMBER	
Beginning Balance (State Fund Balance Carried Forward)	1	
Receipts:		
State Funds Received Subject to Audit Under Chapter 12, Article 4, Section 14 of the State Code of West Virginia	2a.	
Interest Earned on State account during the year as stated above	2b.	
State funds deposited from a State savings account or investment such as a Certificate of Deposit (CD)	2c.	
Total Receipts (lines 2a., 2b. and 2c.)	2	
Disbursements:		
Disbursements of State Funds (Chapter 8, Article 15, Section 8b of the State Code of West Virginia):		
Chapter 8, Article 15, Section 8b(1)	3(1)	
Chapter 8, Article 15, Section 8b(2)	3(2)	
Chapter 8, Article 15, Section 8b(3)	3(3)	
Chapter 8, Article 15, Section 8b(4)	3(4)	
Chapter 8, Article 15, Section 8b(5)	3(5)	
Chapter 8, Article 15, Section 8b(6)	3(6)	
Chapter 8, Article 15, Section 8b(7)	3(7)	
Chapter 8, Article 15, Section 8b(8)	3(8)	
Chapter 8, Article 15, Section 8b(9)	3(9)	
Chapter 8, Article 15, Section 8b(10)	3(10)	
Chapter 8, Article 15, Section 8b(11)	3(11)	
Chapter 8, Article 15, Section 8b(12)	3(12)	
Chapter 8, Article 15, Section 8b(13)	3(13)	
Chapter 8, Article 15, Section 8b(14)	3(14)	
Chapter 8, Article 15, Section 8b(15)	3(15)	
Subtotal of Disbursements (lines 3(1) thru 3(15))	3a.	
State funds deposited to a savings account or investment such as a Certificate of Deposit (CD)	3b.	
Total Disbursements (lines 3a. and 3b.)	3	
Ending balance of your State account (Line 1 plus line 2 less line 3)	4	

Ending balance of State funds deposited in a savings account or investment such as a Certificate of Deposit (CD) for the year ended indicated above. _____

Did your department receive any state grants or other funds received subject to audit under Chapter 12, Article 4, Section 14 of the State Code of West Virginia for the year indicated above?

Yes No (circle one) If so, how much \$ _____ and for what purpose was the money granted? _____

I _____ serving as Fire Chief or Director do swear and affirm that the amounts of disbursements shown in captions (1) through (15) above were expended as prescribed by Section 8b, Article 15, Chapter 8 of the State Code of West Virginia.

Signature of Fire Chief or Director

Subscribed and sworn to before me, a notary public in and for the County of _____, State of West Virginia, this _____ day of _____.

My Commission expires _____.

Appendix B
Expenditure Schedule

Appendix C

Fuel Log

Appendix D
Equipment List

Appendix E

Maintenance and Repair Log

Appendix F
Check Register

Appendix G
Sample Invoice

FIRE EQUIPMENT INC.

123 Station Lane
 Flames, WV 25555
 Phone (304) 555-5555
 P.O. No. 123456789

INVOICE

INVOICE #[**100**]
 DATE: MARCH 18, 2013

BILL TO:

ABC VFD
 123 Fire Lane
 Flames, WV 25555

SHIP TO:

ABC VFD
 123 Fire Lane
 Flames, WV 25555

Quantity	DESCRIPTION	RATE	AMOUNT
1	Hose <i>Line item 4 (engine 41)</i>	500.00	500.00
5	Helmets <i>Line item 1 (new fire fighters)</i>	40.00	200.00
1	Training Video Set <i>Line item 3 (fire fighting training video)</i>	150.00	150.00
<p><i>PAID WITH CHECK #1234</i> <i>Ok Chief Smith</i></p>			
<p>Make all checks payable to Fire Equipment Inc. Net 30 Thank you for your business!</p>		TOTAL	850.00

Appendix H
Example Bank Reconciliation

ABC Volunteer Fire Department
 Bank Reconciliation
 12/31/2013

<i>Balance as per Bank, Dec. 31</i>		\$10,000.00
Add:		
Deposit in Transit		\$500.00
Less: Outstanding Checks:		
No. 100 issued on Nov. 30	\$200.00	
No. 113 issued on Dec. 27	\$950.00	
No. 115 issued on Dec. 29	<u>\$50.00</u>	<u>\$1,200.00</u>
Adjusted Bank Balance		<u>\$9,300.00</u>

<i>Balance as per Books, Dec. 31</i>		\$9,200.00
Add:		
Interest Income from Bank	\$15.00	
Deposit Understated	<u>\$220.00</u>	\$235.00
Less:		
NSF Check	\$100.00	
Bank Service Fee	\$30.00	
Bank Collection Fee	<u>\$5.00</u>	<u>\$135.00</u>
Adjusted Book Balance		<u>\$9,300.00</u>

Descriptions:

1. Deposits in Transit: Deposits which have been sent by the department to the bank but have not been received by the bank at the proper time before the issuance of the bank statement.

2. Checks Outstanding: Checks which have been issued by the department but were not presented or cleared before the issuance of the bank statement.

Following are the transactions which can appear on the bank statement but not in the department's cash account:

1. Service Charges: Service charges may have been deducted by the bank. Such charges are usually not known to the department before the issuance of the bank statement.

2. NSF Checks: These are the checks deposited by the company in the bank but are not paid when the bank presents them for payment.