

Update on Volunteer Fire Departments

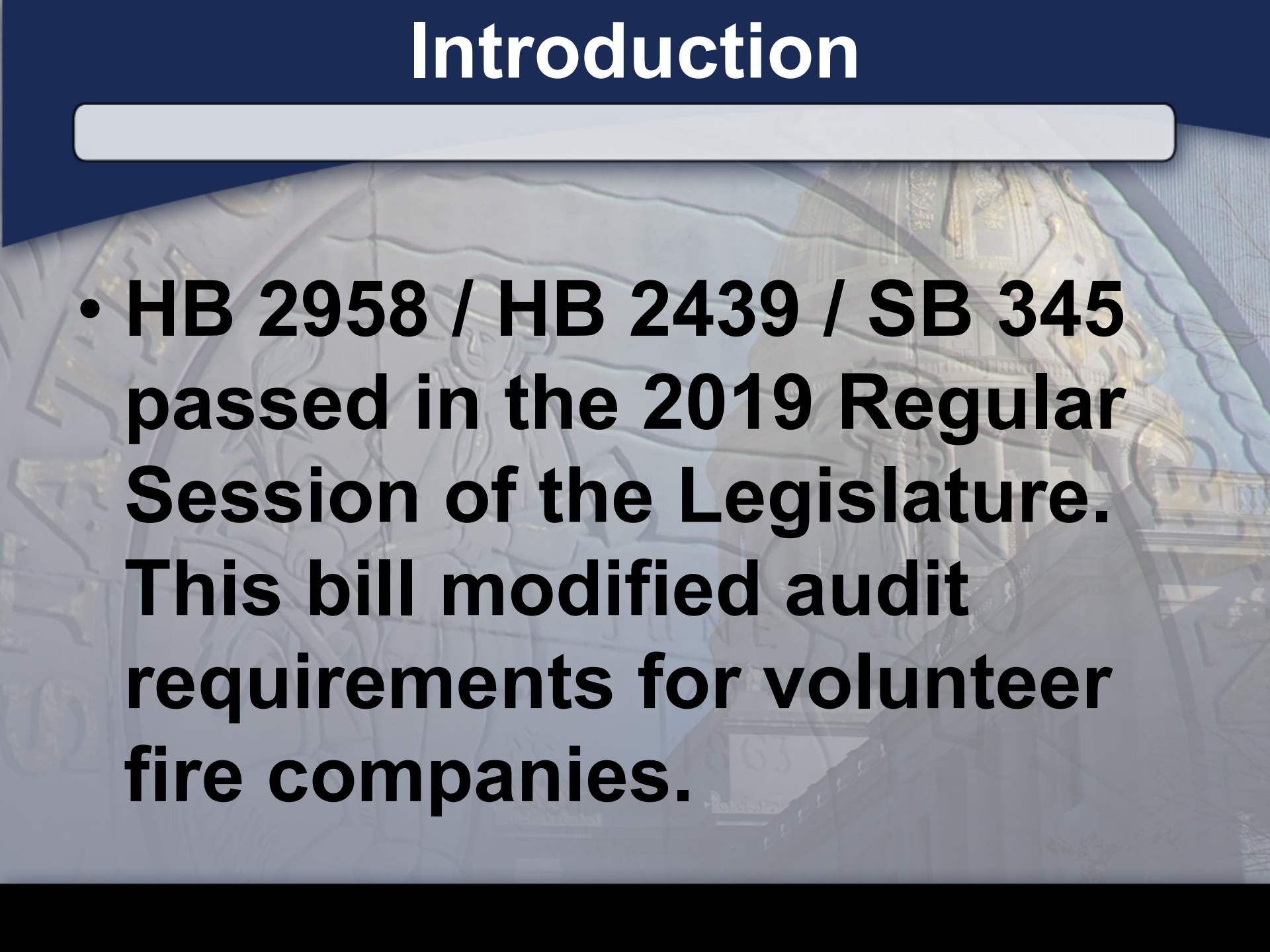
Presented by:
Anthony Woods, CPA
Deputy State Auditor /
Director of Program Oversight
State Auditor's Office

John B. McCuskey
State Auditor



Introduction



- **HB 2958 / HB 2439 / SB 345 passed in the 2019 Regular Session of the Legislature. This bill modified audit requirements for volunteer fire companies.**
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Audit Requirements

W. Va. Code §8-15-7a

- **The Auditor shall have the authority and the duty to make a regular review of the finances of each volunteer fire company constituted under the provisions of this article. Audits or financial examinations are not required to be conducted on an annual basis, but shall be scheduled as to complete a review of each volunteer fire company at least once every five years: *Provided*, That nothing in this section shall prevent the Auditor from conducting more than one financial examination or audit of a volunteer fire company within the five-year period if the Auditor has cause to believe that loss, mismanagement, misuse, or waste of the funds of the company that may occur or is occurring. The scope of the Auditor's examination or audit shall include all income of the voluntary fire company, regardless of the source of funds, the assets, liabilities, and all expenditures of the company: *Provided, however*, That the State Auditor shall implement internal policies to ensure that any costs associated with an audit under this section of the code may be carried by the State Auditor or may be recouped by the volunteer fire company**

Audit Requirements

The Code – Broken Down

- **Our office will audit volunteer fire companies on a five-year rotating basis.**
- **If loss, mismanagement, fraud, and waste are brought to our attention we may audit the volunteer fire company at that time.**
- **All income will be examined, not just State funding. This includes, but is not limited to, bingo/raffle proceeds, donations, or other income.**
- **No cost to the fire department.**

Financial Statements

Basis of Accounting

- **Volunteer fire departments must now prepare financial statements on an ‘other comprehensive basis of accounting’.**
- **Fire departments can retain cash-basis accounting, but additional information must be prepared and sent.**

Financial Statements

Financial Statement Deadlines

- Financial Statements should be prepared timely at the end of every fiscal year.
- Please submit your financial statements to Local Government Services by the 15th day of the 5th month following the end of the organization's fiscal year.
 - FY ends 6-30; Financial statements due to LGS by 11-15-20.
 - FY ends 12-31; Financial statements due to LGS by 5-15-21.
- The Chief Inspector Division authorizes VFDs to prepare financial statements on an “other comprehensive basis of accounting” (OCBOA) – unless you are a component unit of another local governmental entity.

Financial Statements

Timespan

- **The Chief Inspector Division will begin Financial Examinations in the fall.**
- **The Financial Examinations will be for fiscal year ending 2020.**

For example:

January 1, 2020 through December 31, 2020

July 1, 2019 through June 30, 2020

Financial Statements

Component Units

- VFDs that are component units of another local government entity (primary government) and already under the purview of the Chief Inspector Division and subject to the auspices of Chapter 6, Article 9 of the West Virginia Code MUST prepare financial statements with the basis of accounting of the primary government.

Financial Statements

Supplemental Schedule of Capital Assets

- VFD's will need to report capital assets exceeding the capitalization threshold by category, reporting the date of purchase, cost, and whether the asset was purchased with grant funding.

**EXAMPLE VOLUNTEER FIRE DEPARTMENT
SUPPLEMENTAL SCHEDULE OF CAPITAL ASSETS
For the Fiscal Year Ended December 31, 2020**

Description	Date of Purchase	Cost	Estimated or Actual Cost	Purchased With Grant Funds	Date Sold or Retired
	Machinery and Equipment				
Engine 800	7/14/2020	\$250,000.00	Estimated	Yes - 75% FEMA grant	

Financial Statements

Supplemental Schedule of Debt

- VFD's will need to report debt by the date incurred, date matures, interest rate, the monthly payment, and principal outstanding.

**EXAMPLE VOLUNTEER FIRE DEPARTMENT
SUPPLEMENTAL SCHEDULE OF DEBT
For the Fiscal Year Ended December 31, 2020**

Description	Date Incurred	Date Matures	Interest Rate	Monthly Payment	Principal Outstanding
Engine 800 Loan	7/14/2020	7/14/2030	5.00%	\$1,000.00	\$240,000.00

Financial Statements

Roster

- VFD's will need to report fire department officer rosters.

**EXAMPLE VOLUNTEER FIRE DEPARTMENT
OFFICIALS
For the Fiscal Year Ended December 31, 2020**

OFFICE	NAME	TERM
President:	John Doe	1/1/2020 - 12/31/2020
Vice President:	Jane Doe	1/1/2020 - 12/31/2020
Treasurer:	Chris Doe	1/1/2020 - 12/31/2020
Secretary:	Timothy Doe	1/1/2020 - 12/31/2020
Board Member:	Mike Doe	1/1/2020 - 12/31/2020

Financial Statements

Revenues and Expenses

- **VFD's will need to report, by fund, categorized revenues received by the department – then categorized expenses incurred by the department.**

Financial Statements

Revenues and Expenses

**TEST VOLUNTEER FIRE DEPARTMENT
STATEMENT OF REVENUES COLLECTED
AND EXPENDITURES PAID -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2018**

	Operating Fund	State Fund	Major Fund 1	Major Fund 2	Major Fund 3	Major Fund 4	Major Fund 5	Major Fund 6	Total Governmental Funds
REVENUES									
Ad valorem taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Federal government grants	--	--	--	--	--	--	--	--	--
State government grants	--	--	--	--	--	--	--	--	--
Other grants	--	--	--	--	--	--	--	--	--
Fire fees	--	--	--	--	--	--	--	--	--
Fire service fees	--	--	--	--	--	--	--	--	--
Ambulance service fees	--	--	--	--	--	--	--	--	--
Rental income	--	--	--	--	--	--	--	--	--
Interest earned	--	--	--	--	--	--	--	--	--
Fundraiser revenue	--	--	--	--	--	--	--	--	--
Bingo revenue	--	--	--	--	--	--	--	--	--
Raffle revenue	--	--	--	--	--	--	--	--	--
Donations	--	--	--	--	--	--	--	--	--
Miscellaneous	--	--	--	--	--	--	--	--	--
Royalties	--	--	--	--	--	--	--	--	--
Refunds and reimbursements	--	--	--	--	--	--	--	--	--
Total revenues	--	--	--	--	--	--	--	--	--
EXPENDITURES									
Personal services	--	--	--	--	--	--	--	--	--
Contractual services	--	--	--	--	--	--	--	--	--
Commodities	--	--	--	--	--	--	--	--	--

Financial Statements

Balance Sheet / Net Position

- **VFD's will need to report cash, petty cash, and investment balances for all governmental and proprietary funds (i.e. ambulance).**

Financial Statements

Net Position

TEST VOLUNTEER FIRE DEPARTMENT
STATEMENT OF ASSETS ARISING FROM
CASH TRANSACTIONS - GOVERNMENTAL FUNDS
 December 31, 2018

	Operating Fund	State Fund	Major Fund 1	Major Fund 2	Major Fund 3	Major Fund 4	Major Fund 5	Major Fund 6	Total Governmental Funds
ASSETS									
Cash	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Petty cash	--	--	--	--	--	--	--	--	--
Investments	--	--	--	--	--	--	--	--	--
Total assets	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
FUND BALANCES									
Fund balance	--	--	--	--	--	--	--	--	--
Total fund balances	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

The notes to the financial statements are an integral part of this statement.

TEST VOLUNTEER FIRE DEPARTMENT
STATEMENT OF ASSETS ARISING FROM
CASH TRANSACTIONS - PROPRIETARY FUNDS
 December 31, 2018

	Ambulance Fund
ASSETS	
Cash	\$ --
Petty cash	--
Investments	--
Total assets	--
NET POSITION	
Net position	--
Total net position	\$ --

The notes to the financial statements are an integral part of this statement.

Financial Statements

On-Behalf Payments

- **Counties who expend funds on behalf of a fire department may have to assist in completing this schedule.**
- **This schedule details all payments made ‘on-behalf’ of a fire department, grouping by revenue type and expense category.**

Financial Statements

On-Behalf Payments

TEST VOLUNTEER FIRE DEPARTMENT					
SUPPLEMENTAL SCHEDULE OF ON-BEHALF SUPPORT					
For the Fiscal Year Ended December 31, 2018					
The _____ provided the following financial support to the _____ Volunteer Fire Department through direct on-behalf payments to vendors and remittances to the VFD.					
Section I - Summary of Revenue Collected and Amounts Disbursed for Individual VFDs					
NOTE: ALL AMOUNTS LISTED MUST BE ON THE CASH BASIS FOR THE FISCAL YEAR OF THE VOLUNTEER FIRE DEPARTMENT!					
	Ad Valorem Taxes (1)	Other Grants (2)	Fire Fees (3)	Miscellaneous (4)	Total
Beginning of year, balance due (overpayment)	A		A		A
Amounts collected / allocated during current fiscal year:					\$0
Total revenues	B		B		B
Amounts disbursed during current fiscal year:					
Personal services					\$0
Contractual services					\$0
Commodities					\$0
Capital outlay (5)					\$0
Contributions					\$0
Remitted to the VFD					\$0

Financial Statements

Outstanding Billings

- **VFD's must prepare an aging schedule for outstanding accounts receivable, if they are a department who bills for fire fees or ambulance services.**

Financial Statements

Outstanding Billings

TEST VOLUNTEER FIRE DEPARTMENT					
SUPPLEMENTAL SCHEDULE OF OUTSTANDING					
AMBULANCE SERVICE BILLINGS					
For the Fiscal Year Ended December 31, 2018					
Amount of Outstanding Ambulance Service Billings					
0 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days	Total Amount Outstanding
\$3,000	\$1,500	\$1,430	\$540	\$235	\$6,705

N/A = Not Applicable

Financial Statements

Schedule of Expenditures of Federal Awards

- **Should a VFD receive federal awards, they will need to detail them on this schedule, including CFDA number.**

Financial Statements

Schedule of Expenditures of Federal Awards

TEST VOLUNTEER FIRE DEPARTMENT						
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS						
For the Fiscal Year Ended December 31, 2018						
			Federal	Pass-Through		
			CFDA	Entity	Pass-Through to	Total
			Number	Number	Subrecipients	Expenditures
U.S. Department of Homeland Security						
Pass-through Programs From:						
West Virginia Department of						
Homeland Security						
<u>Program Title</u>						
National Fire Academy Training Assistance		97.018			\$ --	\$ --
Assistance to Firefighters Grant		97.044			--	--
Fire Management Assistance		97.046			--	--
Staffing for Adequate Fire and Emergency Response (SAFER)		97.083			--	--
Total U.S. Department of Homeland Security					--	--
TOTAL FEDERAL AWARDS EXPENDITURES					\$ --	\$ --

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Financial Statements

Schedule of State Grant Receipts and Expenditures

- **This schedule details State grant receipts and expenditures.**

Financial Statements

Schedule of State Grant Receipts and Expenditures

TEST VOLUNTEER FIRE DEPARTMENT
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended December 31, 2018

	<u>Grant Number</u>	<u>Award Amount</u>	<u>Under (Over) Expended Beginning of Year</u>	<u>Total Current Year Revenues</u>	<u>Total Current Year Expenditures</u>	<u>Under (Over) Expended End of Year</u>
West Virginia Division of Natural Resources						
<u>Program Title</u>						
Volunteer Fire Assistance Grants		\$ --	\$ --	\$ --	\$ --	\$ --
		--	--	--	--	--
Total West Virginia Division of Natural Resources		--	--	--	--	--
TOTAL STATE AWARDS		\$ --	\$ --	\$ --	\$ --	\$ --

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Nozzle

- **The State Auditor's Office has developed free cash basis accounting software for VFD's to use to assist them in complying with financial statement requirements.**
- **Software includes a pre-loaded chart of accounts developed by the State Auditor's Office Local Government Services Division to assist them in classifying revenues and expenses.**

Nozzle

- **The software requires Windows 10 and Microsoft Access 2017 or greater.**
- **If a department does not currently own Microsoft Access, our office can attempt to use a ‘runtime’ program developed by Microsoft that permits the program to be run without the need to purchase Microsoft Access.**

Contact Information

Local Government Services

Phone: (304)-627-2415

E-Mail: lgs@wvsao.gov

Contact Information

Chief Inspector Division

Phone: (304)-558-2251

E-Mail: Katherine.Hodge@wvsao.gov

Contact Information

Program Oversight and Budget Analysis

Phone: (304)-558-2251

E-Mail: BudgetAnalysis@wvsao.gov