

**STATE OF ALABAMA
DEPARTMENT OF
EXAMINERS OF PUBLIC ACCOUNTS**

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**FINANCIAL AND COMPLIANCE
GUIDELINES
FOR
VOLUNTEER FIRE DEPARTMENTS**

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Minimum Requirements For Volunteer Fire Departments

1. Each fire department's Board of Directors should keep minutes of all meetings.
2. Official bank accounts are to be authorized by the fire department's Board of Directors, and such authorization documented in the minutes of meetings.
3. The treasurer and/or bookkeeper of the fire department should be bonded.
4. Prenumbered receipts should be written for all funds received. Copies of receipts should be retained.
5. All funds received should be deposited in an official bank account.
6. The disbursement of fire department funds is to be supported by proper documentation, including an original invoice and authorization from the Board of Directors.
7. To provide control over cash disbursements, the checks should be prenumbered and it is recommended that checks have dual signatures. Blank checks should not be signed in advance.
8. Public records should be retained until approval for destruction is obtained from the Alabama Department of Archives and History [address your questions to Archives and History at (334) 242-4452].
9. The applicable disbursements of fire department funds should comply with provisions of the Alabama Competitive Bid Law. Bid files are to be maintained.
10. The disbursement of fire department funds should be limited to authorized purposes as set forth by state and/or local laws and the restrictive provisions of donations.
11. A separate fund should be established for restricted monies for accounting purposes.
12. Interest earned in a particular fund should be expended in that fund.
13. An inventory of all equipment owned by the Fire Department should be maintained.
14. A cashbook reflecting the receipts, disbursements and balances on hand should be maintained on a monthly basis.
15. A monthly bank reconciliation should be performed for each bank account.

16. The Board of Directors may employ a public accounting firm registered with the Alabama Board of Public Accountancy to perform audits of the fire department in accordance with generally accepted government auditing standards.
17. Public funds should not be commingled (mixed) with funds from private sources (such as fund raising activities, etc.). Commingled monies are all treated as public funds subject to state and local laws. If an accounting system is in place, either manual or computerized, that clearly segregates revenues by source and identifies expenditures by nature of expense so that the expenditure of restricted and unrestricted monies can be easily identified, then it is permissible to operate with one bank account.
18. Fund-raising activities should not be financed with restricted funds.

Restricted Funds

Funds that are considered to be **restricted** are funds received from the following sources:

- State Grants
- County Appropriations
- Ad Valorem and Sales Taxes
- Fire Fees and Dues Authorized by Legislation
- Donations with Restrictive Provisions
- Interest Earned on Deposits of Restricted Funds

Eligible Expenditures:

The following list is intended as a general guide to the types of expenditures that can be made from restricted funds, however; it is not intended to be all inclusive. (Each Fire Department should review the local legislation applicable which discusses how tax dollars are to be expended.)

- Acquisitions of fire trucks and fire stations
- Purchases of fire-fighting equipment
- Communications equipment and the installation of such equipment in personal vehicles
- Fire training expenses
- Fire vehicles and station insurance
- Oil, gas, and vehicle repairs
- Utilities
- Station repairs
- Lawn mower and related supplies incidental to maintaining grassy areas around fire station
- Water hoses and related supplies needed to keep vehicles clean

New or used equipment costing in excess of \$15,000.00 is subject to the provisions of the State's Competitive Bid Law. If purchases are made from a state bid list, a copy of that bid from the State Purchasing Department should be obtained for documentation.

Ineligible Expenditures:

The following items are considered to be ineligible expenditures from Restricted Funds:

- Salaries
- Purchases of food and drink
- Expenses relating to holding fund raising activities
- Purchases of microwave ovens, coffee pots, refrigerators, and other similar type kitchen appliances (Refrigerators may be eligible if required to keep some type medical supplies stored in cool place for the rescue operations)
- Payment of magazine subscriptions unrelated to fire department and/or rescue squad operations.

RECEIPTS	Date Received	Receipt Number	Total	State Grants	County Appropriatio	Ad Valorem Tax	Sales Tax	Fire Assessments	Fire Dues	Donations- Restricted	Interest On Deposits
State Forestry Commission	10-10-08	501	\$2,800.00	\$2,800.00							
J.H. Smith	10-11-08	502	100.00						100.00		
Joe Blow	10-15-08	503	100.00						100.00		
John Black Grocery	10-15-08	504	500.00							500.00	
Blank County Tax Collector	10-17-08	505	2,200.00			2,200.00					
Jim Jones	10-21-08	506	100.00						100.00		
Blank County Commission	10-30-08	507	500.00		500.00						
First National Bank	10-31-08	508	52.67								52.67
Total Receipts			<u>\$6,352.67</u>	<u>\$2,800.00</u>	<u>\$500.00</u>	<u>\$2,200.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$300.00</u>	<u>\$500.00</u>	<u>\$52.67</u>
								(A)	(A)		

DISBURSEMENTS

Payee	Date Paid	Check Number	Total	Station & Vehicle Insurance	Telephone & Utilities	Postage & Supplies *	Station & Repairs	Fire Trucks & Vehicles	Equipment And Communications	Fire Training	Gas, Oil & Repairs	Miscellaneous Expenses **
USF&B Insurance Co.	10-01-08	2101	\$3,000.00	\$3,000.00								
Municipal Utilities Board	10-05-08	2102	70.00		70.00							
Reg onal Telep one Co.	10-08-08	2103	45.00		45.00							
Joe's Garage	10-10-08	2104	35.00								35.00	
John's Service Station	10-15-08	2105	90.00								90.00	
Fire Equipment Co.	10-16-08	2106	120.00						120.00			
State Fire College	10-31-08	2107	125.00							125.00		
U.S. Post Office	10-31-08	2108	32.00			32.00						
First National Bank	10-31-08	2109	500.00				500.00					
Ford Motor Credit Corp.	10-31-08	2110	750.00					750.00				
Total Disbursements			<u>\$4,767.00</u>	<u>\$3,000.00</u>	<u>\$115.00</u>	<u>\$32.00</u>	<u>\$500.00</u>	<u>\$750.00</u>	<u>\$120.00</u>	<u>\$125.00</u>	<u>\$125.00</u>	<u>\$0.00</u>
												(C)

Cash Balance 10-01-08	\$12,800.00
Total Receipts	6,352.67
Total Balance & Receipts	\$19,152.67
Total Disbursements	(4,767.00)
Cash Balance 10-31-08	<u>\$14,385.67</u>

(A) Fire Assessments/Fire Dues - mandatory assessments or dues authorized by local legislation.

(B) Postage & Supplies - supplies incidental to operation and maintenance of station and equipment as allowed by law.

(C) MISCELLANEOUS EXPENSES - any other expenses allowable under local laws which establish funding sources that are not categorized above.

**Community VFD
Blank County**

**Bank Reconciliation - Restricted Fund
October 31, 2008**

Bank Balance 10-31-08				\$15,135.67
Add: Deposit In Transit (a)				<u>500.00</u>
Sub-total				\$15,635.67
Less: Outstanding Checks (b)				
	Date	Check No.	Payee	Amount
	10-31-08	2109	First National Bank	(500.00)
	10-31-08	2110	Ford Motor Credit	<u>(750.00)</u>
Total O/S Checks				<u>(1,250.00)</u>
Book Balance 10-31-08				<u><u>\$14,385.67</u></u>

(a) Deposits In Transit are any deposits recorded on the ledger which have not been posted to the bank statement at the statement ending date (preferably the last day of the month). Note that interest earned on deposits is recorded after your last deposit which has not cleared, this is because the interest will have been added to your account by the bank as of the statement date.

(b) Outstanding checks are any checks which have been recorded on the ledgers and sent to the payee but the check has not cleared the bank statement as of the ending date of the statement.

LEGISLATION APPLICABLE TO FIRE DEPARTMENTS

The *Code of Alabama 1975*, Section 9-3-17, provides for the certification of fire departments of political subdivisions as “volunteer fire departments.”

The *Code of Alabama 1975*, Section 9-3-18, authorizes the state and any department, office, or agency of the state, and any county, any municipality, any fire, water, sewer, garbage, or school district, or any other public governmental entity or political subdivision to donate money, property, equipment, etc. to volunteer fire departments or volunteer rescue squads. Identifies entities authorized to donate money, property, etc. and provides that unless the donating agency or entity specifies otherwise, the volunteer fire department receiving donations may dispose of the property pursuant to the Code of Alabama Sections 41-16-120 to 41-16-125.

The *Code of Alabama 1975*, Sections 10A-3-1.01 through 10A-3-8.02, contains provisions related to nonprofit corporations.

The *Code of Alabama 1975*, Section 10A-3-2.32 provides that corporations must maintain complete books and records of accounts, and minutes of the proceedings of its members, board of directors and committees having any of the authority of the board of directors.

The *Code of Alabama 1975*, Section 40-9-13 provides that volunteer fire departments are exempt from all state, county and municipal taxes, licenses, fees and charges, including any privilege or excise tax levied by the State of Alabama or any county or municipality.

The *Code of Alabama 1975*, Sections 41-16-50 through 41-16-79 contain provisions of the Alabama Competitive Bid Law applicable to volunteer fire departments.

The *Code of Alabama 1975*, Sections 39-1-1 through 39-1-5 contain provisions of the Public Works Law applicable to volunteer fire departments.

The *Code of Alabama 1975*, Section 40-12-250 relates to license plates for state, county and municipal owned motor vehicles.

The *Code of Alabama, 1975*, Section 41-5-14n requires all entities receiving or disbursing public funds to forward a copy of every audit report issued on the entity to the Department of Examiners of Public Accounts.

Note: This list is not all inclusive. Volunteer fire departments should keep abreast of changes in legislation and of local laws applicable only in specific cities or counties

Attorney General Opinions Applicable to Volunteer Fire Departments

Opinion Number 1979-394

Fire Districts organized pursuant to the *Code of Alabama 1975*, Section 11-89-1 are entitled to a county tag under the provisions of the *Code of Alabama 1975*, Section 40-12-250.

Opinion Number 1989-297

A Judge of Probate may not charge a volunteer fire department any fees for filing articles of incorporation. The *Code of Alabama 1975*, Section 40-9-13(A) exempts volunteer fire departments from payment of any state, county and municipal taxes, licenses, fees and charges of any nature whatsoever.

Opinion Number 1994-083

Tax funded revenues received by volunteer fire departments sanctioned by municipalities are subject to audit as are other municipal funds.

Opinion Number 1993-224

The *Code of Alabama 1975*, Section 40-9-13 exempts a volunteer fire department from the payment of a special events liquor license fee.

Opinion Number 1997-039

The *Code of Alabama 1975*, Section 40-9-13 exempts a volunteer fire department from payment of permit and entertainment fees.

Opinion Number 1999-085

The *Code of Alabama 1975*, Section 40-9-13 exempts a volunteer fire department from paying utility taxes.

Opinion Number 2002-261

The *Code of Alabama 1975*, Section 40-9-13(A) does not require that property or services offered by a county or municipal government for sale or rent to the public be provided free to volunteer fire departments.

Opinion Number 2004-044

The *Code of Alabama 1975*, Section 40-9-13 exempts a volunteer fire department from building inspection fees levied by the county.

Opinion Number 2005-190

Hospital funds can be disbursed to volunteer fire departments and municipal fire departments if used strictly for health care purposes.

Opinion Number 2007-111

A town council may require its municipally sanctioned volunteer fire department to provide the town with unredacted copies of fire and emergency medical services reports to keep on file for use in determining the reimbursement of expenses of department personnel making fire and medical calls.

Opinion Number 2009-063

Volunteer firemen at the scene of a vehicle accident do not have arrest powers other than those of private citizen. A volunteer firefighter's privately owned vehicle is not an authorized emergency vehicle unless designated as such by the chief of police or the Director of Public Safety.

Opinion Number 2010-037

Volunteer fire department may be used as a polling place if the members of the board of directors choose to allow the county commission to use the station as a polling place.

Opinion Number 2011-054

The *Code of Alabama 1975*, Section 40-9-13 exempts volunteer fire department from solid waste disposal fees.

Opinion Number 2012-016

A volunteer fire department is subject to the Competitive Bid and Public Works Laws. The business records of a volunteer fire department are subject to disclosure under the Open Records Law except when specific records or portions thereof can be demonstrated by the

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department to fall within a recognized exception.

Opinion Number 2012-034

Volunteer fire department may respond to calls in a county adjacent to its home county if authorized by its bylaws and no funds from county taxes are used on such calls for equipment, materials, personnel compensation, or otherwise.

Opinion Number 2012-066

County E-911 Board may provide matching funds to a volunteer fire department to improve the emergency communications system. Board must comply with Competitive Bid Law in the purchase of equipment for volunteer fire department.

Opinion Number 2013-033

County Commission may improve a private road providing access to a site housing volunteer fire department communications equipment if the Commission determines that a public purpose is served. The Commission or volunteer fire department association should obtain an easement from the private property owner before making the improvement.

Note: This list is not all inclusive. Opinions of the Attorney General may be researched or read on the Attorney General's official web site <http://www.ago.state.al.us>.