The following procedures should be performed for Fire Districts in **Tier II** that are required to complete the *Annual Self-Reporting Financial Template (Form FD-4)* and engage a CPA to perform an agreed-upon procedures engagement:

**The Office of the Auditor General and the Division of Municipal Finance take responsibility for the sufficiency of the below agreed-upon procedures for our purposes. The fire district may require additional procedures for which they would take responsibility regarding the sufficiency of such agreed-upon procedures for its purpose.**

**General**

1. We determined whether the district has adequate segregation of duties in place for recording receipts, authorizing disbursements, and performing the bank reconciliations. We determined if the district’s procedures for authorizing cash disbursements required two signatures for disbursements over a certain dollar amount. If the organization has insufficient personnel to segregate duties, we determined if compensating controls are in place, such as review and signoff of the bank reconciliation by a member of the governing board.

**Cash and Investments**

1. We traced total cash receipts (or revenue), total cash disbursements (or expenditures), ending cash balance (or fund balance), and investments reported on the *Annual Self-Reporting Financial Template (Form FD-4)* to the entity’s accounting records (general ledger or other equivalent documentation).
2. We independently confirmed all deposits with banks (e.g., checking accounts, savings accounts, certificates of deposit) and investments reported on the general ledger as of [*enter the fiscal year end date*] with financial institutions. We traced the confirmed balances to the amounts reported on the *Annual Self-Reporting Financial Template (Form FD-4)*.
3. We reviewed bank account reconciliations for the fiscal year to determine that they are being performed monthly and in a timely manner (and reviewed and signed off on by a governing board member, if applicable) and that all bank and investment statements for the fiscal year are complete and on-hand. We selected two bank reconciliations (the month of the fiscal year close and one other month randomly selected). We recalculated the reconciliation for mathematical accuracy and traced the cash balances and reconciling items between the accounting records and bank statements.

**Disbursements, Expenditures and Expenses**

1. We randomly selected a sample of 10 cash disbursement transactions made during the fiscal year and agreed the payment details (i.e., amount, payee, date, and description) to supporting documentation, such as, vendor’s invoice, purchase order, contract, and canceled check, as appropriate. We also confirmed whether the payment was duly authorized by a second signature when appropriate.

**Property Taxes**

1. We confirmed the assessed value of taxable property located within the fire district with the Town Assessor’s Office.
2. We traced the information reported under Part IV of *the Annual Self-Reporting Financial Template (Form FD-4),* to the district’s supporting documentation and accounting records.

**Capital Assets**

1. We obtained capital asset records maintained for land, buildings, and equipment owned by the [*enter fire district name*] and performed the following procedures:

* We inquired about the completeness of the fire district’s capital asset records and the frequency of periodic physical inventories.
* We compared prior year ending balances to beginning year balances for capital assets.
* We traced the assets acquired during the fiscal year to what was reported on *the Annual Self-Reporting Financial Template (Form FD-4)* and we verified that assets disposed of during the fiscal year were not reported on *Form FD-4*.

**Debt**

1. We inquired and determined if the [*enter fire district name*] had outstanding debt (e.g. bonds, loans, lease obligations, lines of credit), and we agreed the balances to the amounts reported on *the Annual Self-Reporting Financial Template (Form FD-4)*.
2. We obtained third party confirmations of all outstanding debt balances and we traced all required debt service payments during the fiscal year to both bank statements and accounting records to confirm payments were made when due.

**Accounts Payable**

1. Material accounts and other payables, at the close of the reporting period, are included in the *Annual Self-Reporting Financial Template (Form FD-4)*.

**Payroll and Payroll Taxes Paid**

1. In districts with compensated employees, we reviewed and determined if salary withholdings, payroll-related taxes, and contributions to pension plans were made when due to state and federal governments and other entities.

**Contracts for Services with Other Fire Districts**

1. We obtained confirmations from other fire districts on the amount of fees paid for fire protection services purchased from [*enter name of fire district client*].