

**STATE OF RHODE ISLAND**

**GUIDELINES FOR TIER II FIRE DISTRICTS  
AGREED-UPON PROCEDURES ENGAGEMENT**



**OFFICE OF THE AUDITOR GENERAL  
General Assembly**

**June 2015**

***Includes:***

- Section I - Overview
- Section II - Agreed-Upon Procedures
- Form FD – 9 *Notification & Request for Approval of CPA to Perform Agreed-Upon Procedures*
- Form FD – 4 *Annual Self-Reporting Financial Template* (Excel template fillable form available)
- Glossary of Terms

## SECTION I – OVERVIEW – APPLICABILITY AND TIER II REQUIREMENTS

Rhode Island General Laws [45-10-4](#) and [44-5-69](#) require that the Auditor General prescribe requirements for audits of fire districts. The Auditor General may waive or modify form and content of financial statements and scope of audit based on the size of the fire districts. Further, Rhode Island General Law [44-5.2-2](#) requires all fire districts located within the Town of Coventry to have an independent annual audit.

The Auditor General has classified the fire districts into three tiers for purposes of annual financial reporting requirements:

Tier I – An annual audit of the financial statements is required. Tier I fire districts should refer to the *Guidelines for Tier I Fire Districts – Audit Bids and Specifications* instead of these guidelines.

Tier II – The *Annual Self-Reporting Financial Template* ([Form FD-4](#)) must be completed and a CPA is engaged to perform certain Agreed-Upon Procedures (see Section II).

Tier III – The *Annual Self-Reporting Financial Template* ([Form FD-4](#)) must be completed (unaudited).

**These guidelines are applicable only for fire districts classified as Tier II for financial reporting purposes. A Tier II fire district (unless opting to have an audit performed as required for Tier I fire districts) is defined as:**

- **A fire district that is not located in Coventry, does not have a local or external requirement for an audit, and annual expenditures for all funds (exclusive of capital outlay) is either:**
  - **between \$500,000 and \$1,500,000 or**
  - **less than \$500,000 but with outstanding debt greater than three times the annual expenditures.**

Tier II fire districts must complete the *Annual Self-Reporting Financial Template* ([Form FD-4](#)) and engage a Certified Public Accountant (CPA) to perform Agreed-Upon Procedures (see Section II). The fire district shall file the agreed-upon-procedures report, along with the fire district's *Annual Self-Reporting Financial Template* ([Form FD-4](#)), to the Office of the Auditor General and the Division of Municipal Finance not later than six months after fiscal year-end.

### Annual Self-Reporting Financial Template (Form FD-4):

Tier II fire districts are responsible for completing the *Annual Self-Reporting Financial Template* ([Form FD-4](#)). The form is an Excel file and available on our website: <http://www.oag.ri.gov/firedistricts.html#annual4>.

A CPA shall be engaged to perform agreed-upon procedures to test the reliability of certain balances reported on [Form FD-4](#). If the CPA has identified errors on [Form FD-4](#) as a result of performing the agreed-upon procedures, the fire district shall correct the errors accordingly, prior to submitting [Form FD-4](#). The corrected [Form FD-4](#), along with the CPA's agreed-upon procedures report, shall be submitted to the Auditor General and the Division of Municipal Finance within six months after the fiscal year ended.

## Engaging a Certified Public Accountant (CPA) to Perform Agreed-Upon Procedures

Fire district officials should consult with their legal counsel to ensure compliance with state and local laws regarding procurement of services and the issuance of bid specifications for CPA services. The selected CPA shall provide written representation to the fire district that:

- The CPA holds valid individual and firm licenses in the State of Rhode Island or from another state having equal professional standards.
- The CPA is independent from the fire district.
- The engagement will be performed in accordance with AICPA Statements on Standards for Attestation Engagements.

Prior to engaging a CPA, the fire district must submit a *Notification and Request for Approval of CPA to Perform Agreed-Upon Procedures* ([Form FD-9](#)) to the Auditor General. The fire district will have the option of engaging a CPA for up to three years.

By approving the fire district's selection of a CPA, the Auditor General is not ensuring that the CPA will (1) meet all contractual terms including the deadline for completion of the agreed-upon procedures engagement or (2) comply with professional standards in the conduct of the engagement. Approval of a CPA to perform the agreed-upon procedures does not limit the Auditor General's authority to review, make further inquiries, and/or reject the agreed-upon procedures report.

The above requests for approval and related documents may be submitted electronically to the email addresses listed below. Requests and related documents may also be mailed to: Office of the Auditor General, 86 Weybosset Street, Providence, RI 02903.

Please contact Rina DiBenedetto ([rina.dibenedetto@oag.ri.gov](mailto:rina.dibenedetto@oag.ri.gov)) or Lori Gelfuso ([lori.gelfuso@oag.ri.gov](mailto:lori.gelfuso@oag.ri.gov)) at the email address listed or at 401-222-2435 with any questions.

## Testing Requirements:

The CPA shall follow the guidance included in the AICPA Codification of Statements on Standards for Attestation Engagements – Agreed-Upon Procedures Engagements (AT sections 101 and 201).

Agreed-upon procedures have been developed to confirm that information reported on the *Annual Self-Reporting Financial Template*, [Form FD-4](#), is reliable and that adequate procedures are in place for recording financial transactions.

For the specific agreed-upon procedures, please refer to Section II. These agreed-upon procedures represent the minimum required procedures for testing and reporting by the CPA. The fire district may require additional procedures.

## **Reporting Requirements:**

The CPA shall follow the guidance included in the AICPA Codification of Statements on Standards for Attestation Engagements – AT Section 201 – Agreed-Upon Procedures Engagements – paragraphs .01 through .47.

The CPA shall provide a written report in accordance with the applicable sections of the AICPA's Statements on Standards for Attestation Engagements as highlighted above.

In connection with the application of agreed-upon procedures, if matters come to the practitioner's attention by other means that significantly contradict the subject matter (or written assertion related thereto) referred to in the practitioner's report, the CPA should include this matter in his or her report. For example, if, during the course of applying agreed-upon procedures regarding an entity's internal control, the practitioner becomes aware of a material weakness by means other than performance of the agreed-upon procedure, the practitioner should include this matter in his or her report.

If the CPA makes any observations, comments, or recommendations to management, these shall be included in the reporting package, along with management's responses/planned corrective actions.

## SECTION II – AGREED UPON PROCEDURES

(Also available as a Word document on <http://www.oag.ri.gov/firedistricts.html#annual4> )

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:

### 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

2. 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).
3. 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)*.
4. 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

5. 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

6. We confirmed the assessed value of taxable property located within the fire district with the Town Assessor's Office.
7. 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**

8. 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**

9. 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)*.
10. 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**

11. 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**

12. 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**

13. 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].

**NOTIFICATION & REQUEST FOR APPROVAL OF CERTIFIED PUBLIC ACCOUNTANT (CPA)  
TO PERFORM AGREED-UPON PROCEDURES**

---

1. Tier II requesting fire district:
2. Period of Agreed-Upon Procedures:
3. Professional Fee:
4. Name of CPA or professional CPA firm proposed to perform Agreed-Upon Procedures:

Requested by:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

---

**For Auditor General Use Only**

**Action on Request**

Approved

Disapproved

Comments:

\_\_\_\_\_  
Auditor General

\_\_\_\_\_  
Date

**Rhode Island Fire District Annual Self-Reporting Financial Template**

**Pursuant to Rhode Island General Law Sections 45-10-4 and 44-5-69**

**For Fire Districts Not Subject to the Annual Audit Requirement**

**Form FD-4 Applicability**

**Who must complete and file form FD-4, Annual Self-Reporting Financial Template?**

- ➔ The Fire District's Annual operating expenditures (exclusive of capital outlay) are less than \$1.5 million annually [unless the Fire District is located in Coventry - audit required pursuant to Rhode Island General Law 44-5.2-2]

**When is an Agreed-Upon Procedures engagement required?**

- ➔ The Fire District's annual operating expenditures (exclusive of capital outlay) are more than \$500,000 but less than \$1.5 million
- ➔ The Fire District's annual operating expenditures (exclusive of capital outlay) are less than \$500,000 but outstanding debt is 3X annual operating expenditures

**Do you require an Agreed-Upon Procedures Report?**

Yes (attached)

No

**When are the reports due?**

- ➔ Self-Reporting Financial Template only = sixty (60) days after fiscal year end
- ➔ Self-Reporting Financial Template with Agreed-upon Procedures Report = six (6) months after fiscal year end

**General Instructions**

Please do not leave any pages blank. If a schedule is not applicable, please indicate as such or enter zeros or none. If further explanation is necessary, please add a note.

**Forms may be submitted electronically as a PDF or mailed:**

[aq@oag.ri.gov](mailto:aq@oag.ri.gov)  
 Office of the Auditor General  
 86 Weybosset Street  
 Providence, RI 02903

[kimberly.prasinos@dor.ri.gov](mailto:kimberly.prasinos@dor.ri.gov)  
 Kimberly Prasinios  
 Department of Revenue  
 Division of Municipal Finance  
 One Capitol Hill, 1st Floor  
 Providence, RI 02908

Contact the Office of the Auditor General, Rina DiBenedetto or Lori Gelfuso, at 401-222-2435 with any questions.

This report should be presented to the Fire District Governing Board and a copy of this report must be kept and available for public review. Rhode Island General Law 44-5-69 requires that a copy also be filed with the Town Clerk for the Town in which the district is located.

**Part I: Certification**

Name: \_\_\_\_\_

Fiscal Year Ended (FYE): \_\_\_\_\_

I certify that the following schedules are accurate to the best of my knowledge and belief.

\_\_\_\_\_  
 Governing Board Chairperson Signature

\_\_\_\_\_  
 Finance Officer Signature

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Email Address

\_\_\_\_\_  
 Email Address

\_\_\_\_\_  
 Phone Number

\_\_\_\_\_  
 Phone Number



**Rhode Island Fire District Annual Self-Reporting Financial Template**

**Part II: Annual Operating Statement**

Name:

FYE:

Beginning Cash or Fund Balance <sup>1</sup>

Cash

Fund Balance

\_\_\_\_\_

**Cash Receipts or Revenue**

- Local Property Taxes
- Federal Funds
- Miscellaneous Fees
- Payments from other Fire Districts
- Rescue Services
- Interest Earnings (checking, savings, & investments)
- Other (specify):

**Total Cash Receipts or Revenue**

\_\_\_\_\_ \$ -

**Cash Disbursements or Expenditures <sup>2</sup>**

- Operating Disbursements or Expenditures
- Capital Outlay <sup>3</sup>
- Debt service Payment
  - Principal
  - Interest
- Payments to other Fire Districts
- Other (specify):

**Total Cash Disbursements or Expenditures**

\_\_\_\_\_ \$ -

**Ending Cash or Fund Balance**

\_\_\_\_\_ \$ -

<sup>1</sup> The term fund balance for the purpose of this schedule is intended to be inclusive of net position, equity, etc.

<sup>2</sup> Please attach copy of district's year-end summary report.

<sup>3</sup> Please describe how the capital outlay expenditures were financed during the year (i.e. borrowing, lease, reserves, operations, or combination, etc.):

**Rhode Island Fire District Annual Self-Reporting Financial Template**

**Part III: Schedule of Cash & Investments**

Name:

FYE:

Detail of Cash Balances - per financial institution at fiscal year end:

- Checking
- Savings
- Other (specify):

\$ -

<u>Investment Type</u>	<u>Amount</u>	<u>Cost or Market Value</u>
------------------------	---------------	-----------------------------

\$ -

**Rhode Island Fire District Annual Self-Reporting Financial Template**

**Part IV: Tax Collector's Annual Report**

Name: \_\_\_\_\_

Fiscal Year Ended: \_\_\_\_\_

Tax Levy Date: \_\_\_\_\_  
 Assessment Date: \_\_\_\_\_

Year	Beginning Balance	Levy	Additions	Abatements & Adjustments	Amount to be Collected	Current Year Collections	Ending Balance
2015					\$ -		\$ -
2014					-		-
2013					-		-
2012 and prior					-		-
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

*Allowance for Uncollectible Accounts:* \_\_\_\_\_  
*Net Property Tax Receivable:*           \$ -

# Rhode Island Fire District Annual Self-Reporting Financial Template

## Part V: Schedule of Capital Assets

Name:

FYE:

- Original Cost
- Depreciated Value

Assets	Lease / Own	Lease Terms	Year Acquired	Amount
--------	-------------	-------------	---------------	--------

Land (in aggregate)

Buildings (in aggregate)

Fire Safety Vehicles (list each or attach a separate listing):

Other Vehicles (list each or attach a separate listing):

Equipment

Fire Safety Equipment (in aggregate)

Water Equipment (in aggregate)

Other Equipment (in aggregate)

Other (specify):

<b>Total</b>	<b>\$ -</b>
--------------	-------------

Define Capitalization Threshold for Capital Items (e.g. \$5,000):

**Rhode Island Fire District Annual Self-Reporting Financial Template**

**Part VI: Statement of Current or Short-Term Liabilities**

Name:

FYE:

Lines of Credit - balance to be repaid

Other Cash Flow Borrowing (list):

**Accounts Payable**

Vendor Payments

Amounts Owed Related to Employee Payroll & Benefits

Other (specify):

**Total Accounts Payable**

\_\_\_\_\_ \$ -

**Total Current or Short-term Liabilities**

\_\_\_\_\_ \$ -  
\_\_\_\_\_

**Access to Lines of Credit - please describe the terms, availability, and amount:**

# Rhode Island Fire District Annual Self-Reporting Financial Template

## Part VII: Statement of Long-Term Liabilities

Name:

Fiscal Year Ended (FYE):

Debt limit per charter or by-laws: \_\_\_\_\_

If there are any Federal Loan Guarantees - please describe and provide the amount:

Interest Rate	Issue Date	Balance Outstanding	Final Maturity Date
---------------	------------	---------------------	---------------------

Notes/Bonds Payable (list):

Obligations under Capital Leases (list): <sup>1</sup>

Other (specify):

<b>Total Long-term Liabilities</b>	\$ -
------------------------------------	------

<sup>1</sup> For Capital Leases - balance outstanding is the sum of remaining payments under the lease.

# Rhode Island Fire District Annual Self-Reporting Financial Template

## Part VIII: Statement of Debt Service

Name:

Fiscal Year Ended (FYE):

Debt service requirements in future fiscal years:

Fiscal Year	Principal	Interest	Total Debt Service
2016			\$ -
2017			-
2018			-
2019			-
2020			-
2021 - 2025			-
2026 - 2031			-
	\$ -	\$ -	\$ -

# Rhode Island Fire District Annual Self-Reporting Financial Template

## Part IX: Pension & Other Post-employment Benefits (OPEB)

Name:

FYE:

Do you offer Pension Benefits?

No

Yes, please select all that apply below:

Administered by the State of RI Municipal Employees Retirement System (MERS)

Defined benefit plan administered locally, please describe:

Actuarial valuation report attached

Other (e.g. defined contribution) describe:

Do you offer Other Post-employment Benefits (OPEB), such as, retiree health care, etc.?

No

Yes, please describe:

Was an actuarial valuation performed for the OPEB benefits?

No

Yes, a copy of the report is attached.



**Rhode Island Fire District Annual Self-Reporting Financial Template**

**Part X: Other**

Name:

FYE:

Describe any contingencies, litigation affecting the Fire District:

Describe any material subsequent events (events occurring after fiscal year-end) affecting the Fire District:

Describe the extent to which volunteer personnel are providing services to the Fire District:

\_\_\_\_\_ % volunteer fire personnel compared to all fire personnel

\_\_\_\_\_ Number of volunteer fire personnel

\_\_\_\_\_ % volunteer administrative personnel compared to all administrative personnel

\_\_\_\_\_ Number of volunteer administrative personnel

# Glossary of Terms to Implement Rhode Island Fire District Reporting Requirements

## *Pursuant to Rhode Island General Law Sections 45-10-4 and 44-5-69*

**Actuarial Valuation** – a report prepared by an actuary to estimate the total cost of a defined benefit pension or OPEB plan based on a set of assumptions to determine how much an employer needs to contribute each period to ensure that there will be adequate resources to provide the promised benefits.

**Agreed-Upon Procedures Engagement** – a certified public accountant is engaged by a client to issue a report of findings based on specific procedures performed on a subject matter.

**Allowance for Uncollectible accounts** – portion of delinquent taxes receivable estimated not to be collectible.

**Annual Expenditures** – expenditures resulting from providing services to taxpayers – for fire districts it includes all amounts related to fire and other services including administrative costs. For purposes of determining whether the fire district is in Tier I, II, or III, all expenditures for all funds, other than capital outlay, are considered annual operating expenditures.

**Annual Required Contribution (ARC) or Actuarially Determined Contribution (ADC)** – represents the amount needed for the reporting period to fund pension benefits of a defined benefit pension plan for over time. It is determined by an actuary in accordance with actuarial standards and based on the plan funding assumptions and methods adopted by the government entity.

**Audit** – an audit provides financial statement users with an opinion by an auditor on whether the financial statements are presented fairly, in all material respects, financial position and results of operations in accordance with an applicable financial reporting framework. An audit is performed by an independent, licensed certified public accountant.

**Cash Balance** – includes demand deposit (checking) accounts and other bank deposit accounts with a financial institution.

**Cash Basis** – a basis of accounting that recognizes transactions or events when cash amounts are received or disbursed.

**Capital Assets** – includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, and all other tangible and intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

- **Buildings** – Permanent structures purchased or otherwise acquired by the fire district, including improvements.
- **Equipment** – Tangible property of a less permanent nature such as machinery and tools, etc.
- **Land** – Land purchased or otherwise acquired by the fire district, including costs to prepare the land for use.

**Capital Lease** – a financing mechanism where the leasee acquires title or ownership of the asset at the end of the lease term.

**Capital Outlay** – expenditures used for the acquisition or construction of facilities and other capital assets. Typically, a dollar threshold is adopted (e.g., amounts greater than \$10,000) to distinguish capital items from routine operating/repair expenses.

**Debt Limit** – the maximum aggregate outstanding principal indebtedness allowed by the Fire District charter or by-laws.

**Debt Service or Debt Service Payment** – interest and principal payments on long-term debt.

**Defined Benefit Plan** – pension plans having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation.

**Defined Contribution Plan** – pension plans providing an individual account for each plan member and specifying how contributions to an active plan members' account are to be determined, rather than income or other benefits to be received after separation from employment.

# Glossary of Terms to Implement Rhode Island Fire District Reporting Requirements

## *Pursuant to Rhode Island General Law Sections 45-10-4 and 44-5-69*

**Fiscal Year or Fiscal Year Ended** – The fiscal year end date of the fire district (i.e. if the year of the fire district runs 7/1/2013 to 6/30/2014, the fiscal year ended is 6/30/2014)

**Fund** – a self-balancing group of accounts used to segregate and maintain limitations on the use of resources.

**Fund Balance or Net Position** – the “surplus” or “equity” position of a fund – amounts available for future spending may be less than the total because of external restrictions, or commitments and assignments by the governing body.

**Governmental Accounting Standards Board (GASB)** – the Governmental Accounting Standards Board (GASB) is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. GASB is the official source of generally accepted accounting principles (GAAP) for state and local governments.

**Generally Accepted Accounting Principles (GAAP)** – Generally Accepted Accounting Principles (GAAP) represents nationally recognized standards that govern external financial reporting.

**Generally Accepted Auditing Standards (GAAS)** – the professional standards followed by a CPA in performing audits. Generally Accepted Auditing Standards (GAAS) govern the independent auditor’s overall responsibilities when conducting an audit of financial statements

**Generally Accepted Government Auditing Standards (GAGAS)** – Generally Accepted Government Auditing Standards (GAGAS), also known as the Yellow Book, provides a framework for conducting audits government entities, entities that receive government awards, and other audit organizations performing Yellow Book audits.

**Investments** – investments include income producing financial instruments other than a demand checking account, such as certificates of deposit, money market fund, mutual fund, bonds, or equity securities.

**Material subsequent event** – an event occurring after year-end of such significance as to make it probable that the judgment of a reasonable person relying on the information would be changed or influenced.

**Net Property Tax Receivable** – portion of the uncollected taxes levied minus the allowance for uncollectible accounts.

**Operating Disbursements or Expenditures** – expenditures resulting from providing services to taxpayers – for fire districts it includes all amounts related to fire and other services including administrative costs. For purposes of completing the financial reporting template, it includes expenditures in all funds, but excludes amounts considered capital outlay, debt service, or contract payments to another fire district, which are listed separately.

**Other Post-Employment Benefits (OPEB)** – postemployment benefits other than pension benefits (generally retiree healthcare).

**Outstanding Debt** – total debt of the fire district, at the fiscal year end, remaining to be repaid.

**Pension benefits** – retirement income and all benefits other than healthcare (disability, death benefits, life insurance) provided through a plan to plan members and beneficiaries after termination of employment or during retirement.

**Purchased Fire Services** – the amount paid for fire services to be provided by another district.

**Tier I** – fire districts must have an annual audit of the district’s financial statements. Tier I includes fire districts located in Coventry, fire districts with annual operating expenditures for all funds (exclusive of capital outlay) equal to or greater than \$1,500,000, fire districts with a charter, by-law, or other external requirement to have an audit, and fire districts which routinely have had an annual audit.

**Tier II** – fire districts must complete the annual self-reporting financial template and engage a certified public accountant (CPA) to perform Agreed-Upon Procedures. Tier II fire districts include fire districts with annual operating expenditures for

## **Glossary of Terms to Implement Rhode Island Fire District Reporting Requirements**

### ***Pursuant to Rhode Island General Law Sections 45-10-4 and 44-5-69***

all funds (exclusive of capital outlay) more than \$500,000 but less than \$1,500,000 annually and fire district's with annual operating expenditures for all fund (exclusive of capital outlay) less than \$500,00 annually but outstanding debt is greater than 3X annual operating expenditures.

**Tier III** – fire districts must complete the annual self-reporting financial template. Tier III fire districts have annual operating expenditures for all funds (exclusive of capital outlay) less than \$500,000, and have outstanding debt less than 3X times the annual operating expenditures.