

**Meeting of the Audit Committee of the Sonoita-Elgin Fire District**  
**December 4, 2012**  
**10 am**

**Call to Order – meeting will be recorded**

**Pledge of allegiance**

**Roll call – Plympton, Pfitzenmaier, Bianchi**

**New Business**

**Question and comments on the audit report.**

Bianchi...

1. We use modified cash here, because we use no accruals, the auditor cannot state that they present fairly according to the normal form of an audit. But they do say that our records present fairly on the modified-cash basis.

2. Then they go on and talk about our cash deposits and everything is okay there. We do have several cash accounts and the reason for that is we've got to protect ourselves by having the federal government FDIC insurance guarantee for funds. If we exceed those funds then they will not guarantee anything over and above that amount. The Chief also puts money aside in various accounts to earn a little bit of interest. Under the retirement plan that I was glad to see is that our accrued liability is dropping down. So, I would presume that in a year or two we'd probably be at 100%. I'm not too concerned about additional liability. At some point in time I would like to talk to the administrator of these pensions to find out – I'm a little concerned of the investment return of 8.5%, that's kind of hard to achieve these past few years. They are using an inflation rate of 5% which we haven't experienced in quite a while.

3. They gave us a separate report on the internal controls (as of August 2, 2012) so what they are saying is that as of that date... what we are saying is that they looked at it and found no major discrepancies at that point in time.

4. Grammar correction... I believe the word "of" is missing from this sentence – I think we need to contact them and have that page corrected. (third last page in the packet.. second sentence)

5. There were no disagreements with management. There were no other significant findings.

6. Adjusted Journal Entries – the entry for the July payment for the ambulance was dated in June and that was moved to July; the first was an adjustment to get the opening balance to agree. Based on that if anyone has any issues or other question, I would recommend that at the next full meeting if we have an audit committee report on these statements. Chief if you can find out about this and let me know – about the "of," if we could put that on the agenda. For the full meeting if we could have copies of the cover sheet and pages 1, 2, 3.

Plympton – under the notes to financial statements... the custodial credit risk – what is the status of the district's collateral... Bianchi – All of our funds are with institutions that have FDIC or similar protection.

**Auditor Relations –**

Bianchi – I experienced a lot of difficulty with these auditors and received the notice of the one minor adjustment and that they anticipated coming forward with the final report. Trying to find the status of the final report – went through a series of emails without any response – somewhere in the neighborhood of 10-12. No response. This lack of response is frustrating to me. I would like the committee to look into at least 2 other firms to do our audit. **Plympton**. This is something that concerns

me to so I did a little research on my own that happen to have offices in Tucson and Phoenix. They might be two to consider contacting sometime. Chief – I would suggest that we write a RFP and send it out to numerous – we have to do at least three as that is what the bid process requires.

DeWolf - If the committee is fine with it, I'll put together an RFP and send it out and see what we come up with. The cost is where we may go back to where we're at – the average audit is \$7500 - \$8500.

**Bianchi** – I would even send the request for proposals to these guys. **Chief** – we did that. They said if we could get the audit done at the end of July or first part of August and we did that. They didn't meet their agreement. With that said, I will let you know there is legislation being pushed through that every third year we have to get a new accountant. **Bianchi** – Chief who is proposing that? **De Wolf** – The League of Counties. It won't take effect until August 2013.

**Bianchi** – if you could prepare that and email it to us. I would like to get it narrowed down to a few to choose from. Are there any other comments? None

**Audience comments** – None

**Adjournment** – motion to adjourn by Pfitzenmaier, All aye; motion carried.