

**Communication with Those Charged with Governance**

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November 9, 2015

Board of Directors  
Sonoita-Elgin Fire District  
Sonoita-Elgin, Arizona

We have audited the financial statement of Sonoita-Elgin Fire District (the District) for the year ended June 30, 2015, and have issued our report thereon dated November 9, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 10, 2015. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. As described in Note 1 to the financial statements, the Fund changed accounting policies pertaining to deferred inflows of resources, deferred outflows of resources and net pension liability by adopting the provisions of the Statement of *Governmental Accounting Standards* (GASB Statement) No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statement and because of the possibility that future events affecting them may differ significantly from those expected. There were no material accounting estimates affecting the financial statement.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

***Difficulties Encountered in Performing the Audit*** - We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Corrected and Uncorrected Misstatements*** - Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements identified during the course of our audit.

***Disagreements with Management*** - For purposes of this letter a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations*** - We have requested certain representations from management that are included in the management representation letter dated November 9, 2015, which is attached to this letter as *Exhibit 1*.

***Management Consultations with Other Independent Accountants*** - In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statement or a determination of the type of auditor's opinion that may be expressed on that statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Matters Pertaining to our Retention*** - We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

***Restriction on Use*** - This information is intended solely for the information and use of the Board of Directors, management, and others within the District and is not intended to be and should not be used by anyone other than these specified parties.

*Walker & Armstrong, LLP*

Attachment

**Sonoita-Elgin Fire District**  
**P.O. Box 322**  
**Sonoita, Arizona 85637**

November 20, 2015

Exhibit 1

Walker & Armstrong LLP  
3838 North Central Avenue, Suite 1700  
Phoenix, Arizona 85012-1994

This representation letter is provided in connection with your audit of the financial statement of Sonoita-Elgin Fire District (hereinafter referred to as the “District”) as of June 30, 2015, and the respective changes in statement of cash receipts, disbursements, and changes in cash and investment balances for the year then ended, and the related notes to the financial statement, for the purpose of expressing an opinion as to whether the financial statement is presented fairly, in all material respects, in accordance with the modified cash basis of accounting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 9, 2015, the following representations made to you during your audit.

**Financial Statement**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 10, 2015, including our responsibility for the preparation and fair presentation of the financial statement in accordance with the applicable criteria.
- 2) The financial statement referred to above is fairly presented in conformity with the modified cash basis of accounting and includes all properly classified funds and other financial information of the District required to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

- 5) Significant assumptions we used in making estimates are reasonable.
- 6) Related party relationships and transactions, including cash receipts, disbursements, loans, transfers, leasing arrangements, guarantees and amounts receivable or payable to related parties have been appropriately accounted for and disclosed.
- 7) All events subsequent to the date of the financial statement that would require adjustment to or disclosure in the financial statement have been adjusted or disclosed.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed.
- 9) Guarantees, whether written or oral, under which the District is contingently liable, have been properly recorded or disclosed.

**Information Provided**

- 10) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statement, such as records, documentation, and other matters.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the District or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statement.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statement may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statement.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statement communicated by employees, former employees, grantors, regulators, or others.

- 15) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statement.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statement.
- 17) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

**Government—Specific**

- 18) We have made available to you all financial records and related documents.
- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have a process to track the status of audit findings and recommendations.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 23) The District has no plans or intentions that may materially affect the carrying value or classification of cash and investment balances.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 25) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statement or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

- 27) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statement or other financial data significant to the audit objectives.
- 28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statement, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 29) As part of your audit, you assisted with preparation of the financial statement and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statement and related notes.
- 30) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
- 31) The financial statement properly classifies all activities.
- 32) Disbursements have been appropriately classified in or allocated to functions and programs in the statement of cash receipts, disbursement and changes in cash and investment balances, and allocations have been made on a reasonable basis.
- 33) Receipts are appropriately classified in the statement of cash receipts, disbursement and changes in cash and investment balances.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statement.

**Sonoita-Elgin Fire District**

  
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Joseph M. DeWolf, Fire Chief

  
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Katie Goodwin, Administrative Assistant