

Sonoita-Elgin Fire District

Report on Internal Control and Compliance

Year ended June 30, 2015

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements** www.wa-cpas.com
Performed in Accordance with Government Auditing Standards

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the governmental fund of Sonoita-Elgin Fire District (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statement, which collectively comprise the District's financial statement, as reported on a modified cash basis of accounting, and have issued our report thereon dated November 9, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings that we consider to be a significant deficiency as described below.

Untimely Bank Reconciliations

Condition: During the 2015 fiscal year, new bank accounts were established without the Fire Chief's approval or his inclusion as an authorized signer which violated District policy. After transferring monies to the new accounts, the District's Board members resigned. These Board members were the only check signers on the accounts. Accordingly, the District's management was unable to initiate transactions and obtain bank statements necessary to perform timely bank reconciliations during the year. The noncompliance with District policy resulted in untimely bank reconciliations which increased the risk of undetected errors or fraud.

Recommendations: We recommend that the District follow its policies and procedures which require that a member of management and the Clerk of the Board be listed as a check signer. This will assist management in reconciling its bank accounts in a timely manner.

Management's Response:

For smooth operation of the Fire District it is essential for both the Board and Operations to follow all District Policy.

The District's Response to Finding

The District's response to the finding identified in our audit is described above. This response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Walker & Armstrong, LLP

Phoenix, Arizona
November 9, 2015