

Communication with Those Charged with Governance

February 23, 2026

Board of Directors
Tubac Fire District
2227 I-19 Frontage Road
Tubac, Arizona 85646

Dear Board Members:

We have audited the financial statements of the governmental activities and each major fund of Tubac Fire District (the “District”) for the year ended June 30, 2025. 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 engagement letter to you dated August 4, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices - Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the District implemented the provisions of GASB Statement No. 101, *Compensated Absences* Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the statement of net position. The District also implemented the provisions of GASB Statement No. 102, *Certain Risk Disclosures*, which did not have a material effect on the financial statements. 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 statements 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 statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the District’s financial statements were:

Management’s estimate of the allowance for doubtful accounts for ambulance receivables is based on a weighted average of collectability. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts for ambulance receivables in determining whether it is reasonable in relation to the financial statements taken as a whole.

In addition, the District's participation in the Public Safety Personnel Retirement System results in the need for actuaries to use estimates in determining the estimated amount of net pension obligation and other pension related amounts reported in the financial statements.

Last, the implementation of GASB 101 requires management to estimate an amount of compensated employee leave that will be used in both current and long-term periods. Management has determined the estimate based on historical comparisons of compensated leave used by employees to the amount of compensated leave earned by employees. We have evaluated the key factors and assumptions used to develop the accrual.

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 difficulties in performing and completing our audit.

Corrected 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. Management has corrected all such misstatements which are included as *Exhibit 1*.

Uncorrected Misstatements - The attached *Exhibit 2* summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under 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 statements 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, attached as *Exhibit 3*.

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 statements or a determination of the type of auditor's opinion that may be expressed on those statements, 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.

Other Audit Findings or Issues - 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 occur in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters - We applied certain limited procedures to management's discussion and analysis, budgetary comparison schedule – general fund, and pension related schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the introductory or statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Items for Further Consideration - The following is an item for further consideration for those charged with governance:

Information Technology Training - During the course of our audit, we noted that the District does not have a formal, mandatory Information Technology (IT) risk training program in place for employees with access to financial systems and other sensitive information. We recommend that the District develop and implement a formal IT risk awareness and cybersecurity training program applicable to all employees, with enhanced role-based training for individuals with privileged access or financial reporting responsibilities.

Authorized Signers on Bank Accounts - As part of our audit, we noted former employees and board members still included as authorized signers by the bank. We recommend the District contact its bank and verify the list of authorized signers is accurate.

Restriction on Use - This information is intended solely for the information and use of the governing board and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Attachments