

May 1, 2017

The Prudential Committee
Dorset Fire District No. 1

In connection with audit engagements, we are required by auditing standards generally accepted in the United States of America to communicate certain matters with those charged with governance. The term “those charged with governance” means the persons with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity, for example, the Prudential Committee (the Board) or a designated Board officer or committee. This communication is provided in connection with our audit of financial statements of the Dorset Fire District No. 1 as of and for the year ended June 30, 2016.

These standards require us to communicate with you any matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. They also set the expectation that our communication will be two way, and that the Board or their designee will communicate with us matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing, and extent of audit procedures.

This letter summarizes those matters which we are required by professional standards to communicate to you in your oversight responsibility for the Dorset Fire District No. 1 (the District) financial reporting process.

Auditor’s Responsibility under Professional Standards

Our responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States was described in our arrangement letter dated November 4, 2016.

An Overview of the Planned Scope and Timing of the Audit

The scope of the audit was also described in our arrangement letter dated November 4, 2016. The audit was conducted in February through April 2017; drafts of the financial statements and reports were sent to the District in April 2017.

Accounting Practices

- **Adoption of, or Change in, Accounting Policies**

Management and the Board have ultimate responsibility for the appropriateness of the accounting policies used by the District. Management has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, for the year ended June 30, 2016.

- **Significant or Unusual Transactions**

We did not identify any significant or unusual transactions or accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

- **Alternative Treatments Discussed with Management**

We did not discuss with management any alternative treatments within accounting principles generally accepted in the United States of America for accounting policies and practices related to material items.

Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. The significant accounting estimate reflected in the District's 2016 financial statements is depreciation expense.

Audit Adjustments

During the audit we proposed fifteen adjustments to the general ledger account balances provided for audit.

Management accepted the proposed adjustments and those changes are reflected in the 2016 financial statements. The significant effects of these adjustments were to (1) remove residual balances related to activity and accounts prior to FY15, (2) adjust cash activity to report transactions in proper period between FY15 and FY16, (3) properly record capital lease obligation and related debt service, (4) record accounts receivable for delinquent accounts not properly recorded, and adjust related current year revenue, and prior year net position, (5) record capital assets, accumulated depreciation and current year depreciation expense, and (6) correct annual payroll expense and related fees.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, the significant disclosures to be included in the financial statements, or other matters.

Consultations with Other Accountants

We are not aware of any consultations that management may have had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

We did not have correspondence with management regarding significant issues arising from the audit. We have discussed accounting matters relating to the District's accounting estimates and audit adjustments.

Difficulties Encountered in Performing the Audit

We did not encounter any difficulties during the audit.

Material Weaknesses

We identified four material weaknesses (findings 2016-001 through 2016-004) in internal control related to financial reporting, segregation of duties, capital asset accounting and short-term and long-term obligations.

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Certain Written Communications between Management and Our Firm

Management provided written representations in connection with the audit in a letter to our firm dated May 1, 2017. A copy of the letter is available upon your request.

This report is intended solely for the information and use of the Prudential Committee and management of the Dorset Fire District No. 1 and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,
Mudgett, Jennett & Krogh-Wisner, P.C.

*Mudgett, Jennett &
Krogh-Wisner, P.C.*