To the Board of Directors of
Jefferson County Fire & EMS District

In planning and performing our audit of the basic financial statements of Jefferson County Fire & EMS District (the District) as of and for the year ended June 30, 2024, 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, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, 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 over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

<u>Inadequate system of internal control over financial reporting</u>

The District did not maintain an effective system of internal control over financial reporting sufficient to ensure that financial transactions were properly recorded, supported, reviewed, and reported in conformity with the applicable financial reporting framework.

During our audit, we identified numerous errors affecting substantially all significant account balances and transaction classes. The deficiencies noted included, but were not limited to:

- Inadequate documentation supporting significant transactions and account balances.
- Lack of effective review and reconciliation procedures.
- Failure to maintain complete and accurate accounting records.
- Inadequate monitoring controls to identify and correct errors in a timely manner.
- Insufficient controls over the recording and reporting of revenues and other significant transactions.

As a result of these deficiencies, we proposed numerous audit adjustments affecting multiple financial statement line items. The proposed adjustments were necessary to correct errors and omissions that had not been identified by management through the District's internal control processes.

Additionally, the District was unable to provide sufficient documentation to support significant revenue transactions. Because adequate records and supporting documentation were not available, we were unable to obtain sufficient appropriate audit evidence regarding reported revenues using alternative auditing procedures. Consequently, we were unable to determine whether adjustments to revenues, changes in net position/fund balance, and related financial statement disclosures may have been necessary.

The deficiencies described above resulted in pervasive audit scope limitations related to revenues and demonstrated that the District's internal control structure was not operating effectively to ensure the completeness, accuracy, and supportability of financial information. Accordingly, these deficiencies collectively constitute a material weakness in internal control over financial reporting.

Recommendation: We recommend that management perform a comprehensive evaluation of its accounting and financial reporting processes and implement controls designed to:

- Ensure all significant transactions are supported by adequate documentation.
- Perform timely reconciliations of significant accounts.
- Establish supervisory review procedures over financial reporting.
- Maintain complete accounting records throughout the year.
- Implement controls over revenue recognition, recording, and retention of supporting documentation.
- Periodically monitor compliance with established accounting policies and procedures.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Respectfully,

Sensiba LLP

Bend, Oregon
August 13, 2026