



Board of Directors and Management  
Bennett Fire Protection District  
355 4<sup>th</sup> Street  
Bennett, Colorado 80102

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Bennett Fire Protection District (the District) as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, 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.

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 material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. We did not identify any items we consider to be a material weakness. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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. We did not identify any items we consider to be a material weakness.

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. We consider the following deficiency in internal control to be a significant deficiency:

#### Financial Close and Reporting

As part of the audit, material adjusting journal entries were recorded to the General Fund and Capital Expansion Fund. These entries included:

1. Entry to adjust property tax receivable and deferred inflow of resources related to the December 2023 property tax certification.
2. Entry to adjust EMS related receivables, allowance for receivables, deferred inflows of resources, and EMS revenue based on 3<sup>rd</sup> party collection and billing reports.
3. Entry to record expenditures and accounts payable as of December 31, 2023.
4. Entry to record transfers made between the General Fund and Capital Expansion Fund.

All entries are based on support provided by the District and 3<sup>rd</sup> party reports. In addition, the District records all adjusting journal entries in the general ledger at the conclusion of the audit in order to properly account for all activity. The District has controls in place for approval and recording of transactions, however, as external auditors, we cannot be considered an internal control for the District. We recommend the District continue to perform detail review and approval over all transactions and continue to review in detail, all adjusting journal entries posted as part of the audit.

As part of audit procedures performed, we noted other items which we do not consider to be material weaknesses or significant deficiencies that we feel are important to communicate to the Board and Management. These include:

1. As part of the audit for the year ended December 31, 2023, we performed non-attest services related to: 1) drafting of the financial statements; 2) pension and GASB No. 87 (Leases) calculations; and 3) capital asset tracking and related entries. While non-attest services are allowable, we would like to emphasize the importance of management and Board review over all balances as we cannot be considered a form of internal control over the District. During 2023, the District did perform a review over capital assets which resulted in current year disposals for assets no longer held by the District.
2. The District entered into annuity contracts in prior years related to volunteer firefighters. The District has not historically obtained a third-party actuary report to measure a potentially liability under GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68*. The potential liability for existing annuity contracts is immaterial. However, we recommend that if the District enters into new or additional annuity contracts, that an actuary report be obtained in future years.
3. We noted one passed adjustment related to expenditures and accounts payable in the General Fund. We recommend the District perform a detail review of payments made subsequent to yearend and work to record accounts payable at the conclusion of each fiscal year.

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

*The Adams Group, LLC*