



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

We have audited the financial statements of Jefferson County Fire & EMS District (District) as of and for the year ended June 30, 2024 and have issued our report thereon dated August 13, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 16, 2025 our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

We obtained an understanding of internal controls to assess the impact on determining the nature, timing and extent of audit procedures, and we have established an overall materiality limit for audit purposes. We conducted formal discussions among engagement team members to consider how and where the financial statements might be susceptible to material misstatement due to fraud or error.

We used this knowledge and understanding, together with other factors, to first assess the risk that errors or fraud may cause a material misstatement at the financial statement level. The assessment of the risks of material misstatement at the financial statement level provided us with parameters within which to design the audit procedures for specific account balances and classes of transactions. Our risk assessment process at the account-balance or class-of-transactions level consisted of:

- An assessment of inherent risk (the susceptibility of an assertion relating to an account balance or class of transactions to a material misstatement, assuming there are no related controls); and

- An evaluation of the design effectiveness of internal control over financial reporting and our assessment of control risk (the risk that a material misstatement could occur in an assertion and not be prevented or detected on a timely basis by the company's internal control).

We then determined the nature, timing and extent of tests of controls and substantive procedures necessary given the risks identified and the controls as we understand them.

In planning the audit, the materiality limit is viewed as the maximum aggregate misstatements, which if detected and not corrected, would cause us to modify our opinion on the financial statements. The materiality limit is an allowance not only for misstatements that will be detected and not corrected but also for misstatements that may not be detected by the audit. Our assessment of materiality throughout the audit was based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence. Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, without our permission no partner or professional employee of Sensiba LLP is permitted to own any direct financial interest or a material indirect financial interest in a client or any affiliates of a client. Also, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with Firm policy. In addition, our policies restrict certain non-audit services that may be provided by Sensiba LLP and requires audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

Significant Risks Identified

Under auditing standards, a significant risk is defined as an identified and assessed risk of material misstatement that, in the auditors' professional judgment, is close to the upper end of the spectrum of inherent risk. As part of the risk assessment process, we are required to determine whether any risks identified are significant risks. In exercising this judgment, we exclude the effects of identified controls related to the risk, and consider the following area: risk of fraud; whether the risk is related to recent significant economic, accounting, or other developments and, therefore, requires specific attention; the complexity of transactions; whether the risk involves significant transactions with related parties; the degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a wide range of measurement uncertainty; and whether the risk involves significant unusual transactions

We have identified the following significant risks:

- EMS revenue and related accounts receivable
- Payroll and associated costs
- Management override of controls is a presumed significant risk in all audit engagements

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District are included in Note 1 to the financial statements.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- The proportionate share of the net pension obligation unfunded actuarial liability related to the District's participation in the Oregon PERS system, including estimated deferred inflows and outflows expected to be included in pension expense in future periods.
- Net present value of non-cancelable leases.

Management's estimate of the pension obligation is based on an actuarial valuation provided by Oregon PERS and audited by independent auditors engaged by Oregon PERS. Management's estimate of the implicit health insurance subsidy liability is based on an actuarial valuation by an actuarial firm engaged by the District. We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

We evaluated the key factors in determining the net present value of leases used to determine their value at inception, finding the factors to be consistent with the requirements of GAAP.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements are:

- Restatements to beginning fund balance and net position due to corrections of errors in the previously issued financial statements and the assumption of the former EMS District's pension obligations.
- Deficit general fund balance of approximately \$300,000 and an over-expenditure of an appropriation for capital outlay in the general fund of approximately \$1.26 million.

- The Oregon PERS unfunded pension liability, as described above, and the disclosures related to the implementation of GASB 101, which required a restatement of beginning net position.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We are pleased to report we identified no significant, unusual transactions during our audit.

Identified or Suspected Fraud and Significant Difficulties Encountered during the Audit

We have not found any fraud involving senior management or other fraud that causes a material misstatement of the financial statements, no illegal acts came to our attention and there were no disagreements with management.

During the audit, we experienced challenges obtaining certain documentation and supporting information in a timely manner. As a result, additional audit effort was required to complete our procedures and the audit timeline was extended. Management indicated these difficulties were attributable to the death of a key individual with institutional knowledge as well as the age of certain records. Management was ultimately able to provide information sufficient for completion of our audit procedures, with the exception of the transactions and balances for which we disclaimed an opinion.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We proposed numerous adjustments to correct misstatements in the District's accounting records and financial statements. Management reviewed and recorded these adjustments. The adjustments affected multiple financial statement areas and were considered in our evaluation of the District's financial reporting processes and related internal controls. The underlying matters giving rise to these adjustments are discussed in the separate internal control communication.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. As previously described, beginning net position was restated related to error corrections in previously issued financial statements and the assumption of the EMS District's pension liability and related deferrals. Our auditor's report includes emphasis of matters paragraphs directing the user to more information about the restatement, however our opinion was not modified.

As discussed with management and described in our Independent Auditor's Report, our opinion on the financial statements was modified because we were unable to obtain sufficient appropriate audit evidence regarding EMS revenue transactions and related receivable balances. Consequently, we were unable to determine whether adjustments to those amounts, and to potentially related accounts, were necessary. This matter was considered significant to our audit and resulted in a qualified opinion on the financial statements.

As discussed with management and described in our Independent Auditor's Report, our opinion on the financial statements was modified because we were unable to obtain sufficient appropriate audit evidence regarding the post-employment benefit liability related to the implicit health subsidy as a result of allowing retirees to remain on the group health insurance policy until they reach Medicare age. Consequently, we were unable to determine whether adjustments to those amounts, and to potentially related accounts, were necessary. This matter was considered significant to our audit and resulted in a qualified opinion on the financial statements.

Representations Requested from Management

As discussed above, the financial statements are the responsibility and property of management. We have requested certain written representations from management in a letter dated August 13, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters. To our knowledge, there were no such consultations with other accountants.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Internal Control

During the audit, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses. These matters have been communicated separately to management and those charged with governance in our letter dated August 13, 2026. The identified deficiencies affected the District's ability to prepare complete and accurate financial information and required significant audit effort, including numerous proposed audit adjustments across multiple financial statement areas.

In addition, limitations in the availability of supporting documentation related to revenue and post-employment benefit transactions prevented us from obtaining sufficient appropriate audit evidence regarding those accounts and related transactions. As discussed in our auditor's report, these matters contributed to our inability to express an opinion on the financial statements.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the District's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have:

- Inquired of management about the methods of preparing the information,
- Compared the information for consistency with management's responses to our inquiry, the basic financial statements, and other knowledge obtained during the audit, and
- Obtained the required written representations from management with regard to the required supplementary information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board of Directors and management of Jefferson County Fire & EMS District and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

A handwritten signature in black ink that reads "Sensiba LLP". The signature is written in a cursive, flowing style.

Bend, Oregon
August 13, 2026