

August 1, 2019

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 (the District) as of and for the year ended June 30, 2019.

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 District’s financial reporting process.

Auditor’s Responsibility under Professional Standards

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States were described in our arrangement letter dated February 20, 2019. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

An Overview of the Planned Scope and Timing of the Audit

The scope of the audit was also described in our arrangement letter dated February 20, 2019. The audit was conducted in July 2019; our exit conference with management was held on August 1, 2019, drafts of the financial statements and reports were provided to management on August 1, 2019.

Accounting Policies and Practices

- **Preferability of Accounting Policies and Practices**

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

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

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District has implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The adoption of GASB Statement No. 88 improves the information that is disclosed in notes to financial statements related to debt, including direct borrowings and direct placements. The impact on these financial statements is that the District's disclosures related to debt identify the District's note payable as direct borrowing (loan agreement with a lender).

- **Significant or Unusual Transactions**

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

- **Managements Judgments and 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 2019 financial statements is depreciation expense.

Audit Adjustments

During the audit we proposed 6 adjustments to the general ledger account balances provided for audit.

Management accepted the proposed adjustments and those changes are reflected in the 2019 financial statements. The significant effects of these adjustments were to (1) correct fund balances (2) correct capital assets for current year acquisitions and record depreciation expense, (3) correct delinquent fire receivables, remove revenue recorded for current year delinquent collections, and record bad debt for receivables deemed uncollectible, (4) correct fire and water payroll expenses and related taxes and (5) correct water planning loan receipts to be recorded as long-term debt and not as revenue.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

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, or significant disclosures to be included in the financial statements.

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.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in working with management during the audit.

Material Weaknesses

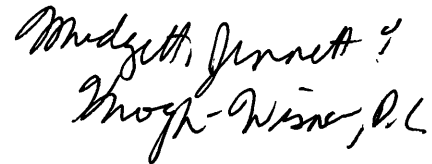
We identified no material weaknesses in the District's system of internal control over financial reporting during our audit of the financial statements.

Certain Written Communications between Management and Our Firm

Management provided written representations in connection with the audit in a letter to our firm dated August 1, 2019. 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 and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this letter. We appreciate the opportunity to be of service to the District.

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

A handwritten signature in black ink, reading "Mudgett, Jennett & Krogh-Wisner, P.C." in a cursive script.