



## Ingram, Wallis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Commissioners  
Brazos County Emergency Services District #2  
Kurten, Texas

In planning and performing our audit of the financial statements of the Brazos County Emergency Services District #2 (the "District") as of and for the year ended September 30, 2022, 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 consider the following deficiency in internal control to be a material weakness:

### **Adjusting journal entries**

Brazos County Emergency Services District #2 did not accurately adjust its accounting records to bring the records into alignment with generally accepted accounting principles. Multiple material audit adjustments were proposed related to beginning balance adjustments, depreciation expense, notes payable, capital asset purchases, sales of capital assets and insurance recoveries.

We recommend that Brazos County Emergency Services District #2 develop procedures to ensure all adjustments are made timely and on a regular basis to ensure the records clearly support the financial statements.

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:

### **Control Over Financial Statements Preparation**

We are currently preparing the financial statements, including footnote disclosures, which are presented in accordance with generally accepted accounting principles by utilizing the financial statements prepared by management in a format appropriate for Brazos County Emergency Services District #2's internal purposes. Management continues to have full responsibility for the financial statements and is responsible for designating an individual who possesses suitable skill, knowledge or experience to review the statements prepared by us. It is important to note that a system of internal control includes controls over financial statement preparation, including footnote disclosures.

### **Other Administrative Matters**

During our audit, we also became aware of the following other matter that is an opportunity for strengthening internal controls and operating efficiency:

- We noted during our cash testing the bank balance at one financial institution exceeded FDIC insurance by \$108,301 on September 30, 2022. In March 2023, the District received pledged collateral of \$795,000 to cover the uninsured balance. We recommend the District closely monitor all bank balances and take timely action to ensure all bank balances are insured or appropriately collateralized.

This communication is intended solely for the information and use of the Board of Commissioners, and others within Brazos County Emergency Services District #2, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Ingram, Walker & Company*

Bryan, Texas  
August 31, 2023