

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

WEST BARNSTABLE FIRE DISTRICT

Management Letter

Year Ended June 30, 2021



WEST BARNSTABLE FIRE DISTRICT

MANAGEMENT LETTER
YEAR ENDED JUNE 30, 2021

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TRANSMITTAL LETTER

To Honorable Members of the Prudential Committee
West Barnstable Fire District
Barnstable, Massachusetts

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Barnstable Fire District (the District) as of and for the year ended June 30, 2021, 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 our auditing procedures 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Roselli, Clark & Associates

Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
January 20, 2022

INFORMATIONAL ITEMS

Network Security

Ransomware is an insidious type of malware that encrypts, or locks, valuable digital files and demands a ransom to release these files. The most common ransomware attack involves a victim opening an emailed file or clicking an attachment that appears legitimate like an invoice, but actually contains the malicious ransomware code. As these emails often appear to be legitimate, the victim is unknowingly baited into executing the ransomware code.

The frequency of ransomware attacks on U.S. municipalities continues to rise. Especially in smaller entities with limited staffing and resources. In addition, the Covid-19 pandemic has added a new element of risk given that operations are now being completed in a remote manner.

The District should assess its current environment and put in place the processes that will best protect it:

- Consider having an outside security assessment conducted by a specialist.
- Provide periodic training to its employees regarding proper use of email and corresponding clicks to hyperlinks and attachments.
- Introduce simulated internal phishing schemes to determine if there are areas or employees where the District may be vulnerable.
- Assure that all files are backed up offsite.
- Review insurance policies and determine if cyberattack insurance is part of these insurance policies.

Small steps can go a long way in protecting a community from these attacks.

Management response

We concur that this is a critical area. We will explore with Captain Murray, the District IT specialist, how best to conduct an independent assessment and personnel training for computer and data file operations. We also will work with Captain Murray to establish formal guidelines for such operations.

Long-term obligations

Recent accounting standards have brought to light more than ever those hidden liabilities that are true long-term obligations of the District.

More specifically, OPEB and Pension liabilities are now required under GASBs 67, 68, 74 and 75 to be recorded in the District's financial statements.

The District has created a trust for its OPEB liability and in that regard has accumulated about 28% of the unfunded liability over a short period of time. This places the District amongst the top tier of municipalities in the State with respect to its OPEB funding ratio. Despite this however the District, like most entities in the State is still well behind, and as a result it can expect its costs to rise rapidly in the future. The current net OPEB liability is about \$0.7 million, down 30% from last year.

With respect to its pension funding, the District is a member of the Barnstable County Contributory Retirement System (BCCRS) along with numerous other Districts and towns. BCCRS has accumulated about 67% of the unfunded liability which places the County in the average range, regarding funding ratios within the State.

However, in light of Massachusetts General Laws to fully fund this liability no later than 2040 and with a current funding schedule maturing in 2034, the District can expect to see its pension assessment also rise rapidly.

The District should begin to factor these increases into its long-term financial plans.

Management response

The District will incorporate the acceleration of Pension and OPEB funding in our long-term financial planning. The District has already analyzed various future funding scenarios for its OPEB obligations and will continue to communicate these requirements to the District voters.