



Board of Trustees
Town of Empire, Colorado
Empire, Colorado

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Town of Empire (the "Town") as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Town'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 our opinions on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 a deficiency in internal control that we consider to be a material weakness.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a *material misstatement* to the Town's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in the Town's internal control to be a material weakness.

Financial Reporting

During the performance of our audit procedures and in our discussions with Town staff, we identified several misstatements in the financial statements that were related to assets, property and equipment, liabilities, revenues and expenses. These misstatements required necessary adjustments to the Town's financial statements in order to report materially correct financial statements at December 31, 2020, in accordance with generally accepted accounting principles (GAAP). One contributing factor to this weakness in internal control is related to the Town staff lacking an extensive knowledge of governmental accounting and financial reporting.

This communication is intended solely for the information and use of the Board of Trustees and management of the Town of Empire, and is not intended to be, and should not be, used by anyone other than these specified parties.

Logan and Associates, LLC

Logan and Associates, LLC
Aurora, Colorado

January 14, 2022