

Telluride Fire Protection District

Audit Results and Report to the Board of Directors
As of and for the year ended December 31, 2021



DALBY, WENDLAND & CO., P.C.
CPAs and Business Advisors



Table of Contents

Matters Required to be Discussed with Those Charged with Governance	1
Summary of Audit Adjustments	4
Communication of Deficiencies	6
Contact Information	8

This report and information is intended solely for the use of the Board of Directors and management of Telluride Fire Protection District. It is not intended to be, and should not be, used by anyone other than these specified parties.



Matters Required to be Discussed with Those Charged with Governance

We have audited the financial statements of the governmental activities and each major fund of Telluride Fire Protection District (the District) for the year ended December 31, 2021, and have issued our report thereon dated DATE. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated September 3, 2021. Professional standards also require that we communicate to you the following information related to our audit:

Requirement	Discussion Points
<p>Auditor’s judgement about the quality of the District’s accounting policies, estimates, and financial disclosures</p>	<p>In accordance with applicable accounting standards, we reviewed the quality of the District’s financial reporting, which includes the District’s significant accounting practices, estimates, and financial statement disclosures. We noted no transactions during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p>
<p>Sensitive accounting estimates</p>	<p>The most sensitive estimates affecting the financial statements were:</p> <ul style="list-style-type: none"> • Management’s estimate of the collectability of property tax receivables. We evaluated the key factors and assumptions used to develop the collectability of the 2021 property tax receivables in determining that they are reasonable in relation to the financial statements taken as a whole. • Management’s estimate of the collectability of charges for emergency medical services accounts receivable. We evaluated the key factors and assumptions used to develop the collectability of 2021 emergency medical services accounts receivable in determining that they are reasonable in relation to the financial statements taken as a whole. • Management’s estimate of the net pension asset, net pension liability, deferred pension outflows, and deferred pension inflows related to GASB 68 for pensions. We evaluated the key factors and assumptions used to develop the pension estimates in determining that they are reasonable in relation to the financial statements taken as a whole.



Requirement	Discussion Points
Sensitive financial statement disclosures	<p>The most sensitive disclosures affecting the financial statements are:</p> <ul style="list-style-type: none"> • The disclosure of the budgets in Note 4 to the financial statements. • The disclosure of the long-term liabilities in Note 7 to the financial statements. • The disclosure of the pension plans in Note 8 to the financial statements. • The disclosure of subsequent events in Note 10 to the financial statements.
Significant accounting policies and practices	<p>Significant accounting policies and practices used by the District are described in Note 1 to the financial statements.</p>
Summary of Audit Adjustments	<p>Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. See page 4 for the adjustments posted during the audit.</p>
Disagreements with management	<p>For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.</p>
Consultations with other accountants	<p>We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.</p>
Other audit findings or issues	<p>We generally discuss a variety of matters, including the application of accounting principles and accounting standards, with management prior to acceptance as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>
Difficulties encountered during the audit	<p>There were no difficulties encountered during the audit.</p>
Representations requested from management	<p>We request certain representations from management, which are included in the management representation letter dated DATE.</p>



Requirement	Discussion Points
Required Supplementary Information	<p>We applied certain limited procedures to the Management’s Discussion and Analysis and the FPPA Pension schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p>
Supplementary information accompanying the audited financial statements	<p>With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p>

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

DALBY, WENDLAND & CO., P.C.
Grand Junction, Colorado

DATE



Summary of Audit Adjustments

The following report details the resulting journal entries from the audit of the financial statements of Telluride Fire Protection District, as of December 31, 2021 and for the year then ended.

Government-Wide Journal Entries for Financial Statement Presentation

Adjusting Journal Entries JE # 1

Client Requested Entry: To true up the beginning balance for fixed assets, accumulated depreciation, and depreciation expense.

1600.1	Less - Accum Depr (Bldg)	\$	85,787	
1610	Equipment		26,000	
1610.1	Less - Accum Depr (Equip)		55,811	
1620	Vehicles		160,474	
1620.1	Less - Accum Depr (Vehicles)		281,982	
2730	Investment in GFA		47,703	
1610	Equipment			\$ 21,865
1610.1	Less - Accum Depr (Equip)			26,000
1620	Vehicles			31,000
1620.1	Less - Accum Depr (Vehicles)			160,474
1640	Other Asset			47,703
2730	Investment in GFA			370,715
Total		\$	657,757	\$ 657,757

Adjusting Journal Entries JE # 2

Client Requested Entry: To true up fixed assets, accumulated depreciation, and depreciation expense as of December 31, 2021.

1610	Equipment	\$	67,042	
1610.1	Less - Accum Depr (Equip)		16,124	
1620	Vehicles		286,153	
1620.1	Less - Accum Depr (Vehicles)		141,700	
DWC-47	Depreciation Expense		54,150	
DWC-47	Depreciation Expense		85,787	
DWC-47	Depreciation Expense		292,912	
1600.1	Less - Accum Depr (Bldg)			\$ 85,787
1610	Equipment			16,124
1610.1	Less - Accum Depr (Equip)			54,150
1620	Vehicles			141,700
1620.1	Less - Accum Depr (Vehicles)			292,912
1640	Other Asset			47,703
3504	Miscellaneous Revenue			14,670
DWC-10	Capital Outlay - Contra Account			4,669
DWC-10	Capital Outlay - Contra Account			286,153
Total		\$	943,868	\$ 943,868



Adjusting Journal Entries JE # 3

Client Requested Entry: To record the purchase of fixed assets not placed into service prior to year end as a prepaid expense.

1640	Other Asset	\$	478,610	
DWC-10	Capital Outlay - Contra Account			\$ 478,610
Total		\$	478,610	\$ 478,610

Adjusting Journal Entries JE # 4

To true up capital outlay contra account balance to agree to total capital outlay.

6102.5	Misc. Equipment	\$	100	
DWC-9	Capital Outlay - Capitalized Account			\$ 100
Total		\$	100	\$ 100

Audit Adjusting Journal Entries**Adjusting Journal Entries JE # 5**

To reclassify "Amount to be Provided" balances related to debt into a debt specific account for financial statement presentation purposes.

DWC-45	Amount to be Provided - Debt	\$	1,067,808	
1750	Amount to be Provided			\$ 1,067,808
Total		\$	1,067,808	\$ 1,067,808

Adjusting Journal Entries JE # 6

To reclassify the change in accrued compensated absences for the year ended December 31, 2021 for financial presentation purposes.

DWC-48	Change in Accrued Compensated Absences	\$	7,861	
1750	Amount to be Provided			\$ 7,861
Total		\$	7,861	\$ 7,861

Adjusting Journal Entries JE # 7

To recorded amortization of the Bond Premium as of December 31, 2021.

2204	Bond Premium	\$	9,451	
DWC-49	Bond Premium/Discount Amortization			\$ 9,451
Total		\$	9,451	\$ 9,451

Adjusting Journal Entries JE # 8

To reclassify current year GASB 68 pension expense out of net position to an expense account.

2906	GASB 68 Pension Expense	\$	228,373	
DWC -27	GASB 68 Current Year Pension Expense			\$ 228,373
Total		\$	228,373	\$ 228,373



The Board of Directors
Telluride Fire Protection District
Telluride, Colorado

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Telluride Fire Protection District (the District) as of and for the year ended December 31, 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 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 a certain deficiency in internal control that we consider to be a significant deficiency.

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.

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 deficiency presented on the following page to be a significant deficiency.

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

DALBY, WENDLAND & CO., P.C.
Grand Junction, Colorado

DATE



SIGNIFICANT DEFICIENCY

Preparation of Financial Statements in accordance with Government Accounting Standards

The District is a small local district with a limited number of employees, including the office manager that is in charge of all administrative and accounting duties. The office manager has the knowledge and ability to appropriately record the District's financial transactions on a fund level during the year. In addition, management and the Board of Directors have the knowledge to understand and take responsibility for the financial statements. However, the District does not have an employee with the knowledge to adequately prepare a complete government financial statement in compliance with Government Accounting Standard No. 34. In accordance with Statement of Auditing Standard No. 115 *Communication of Internal Control Related Matters Identified in an Audit*, this is considered a significant control deficiency.

The District will be unable to provide a remedy to this deficiency unless another accounting firm is retained to assist in the preparation of financial statements, or additional training can be provided for the contracted Office Manager. Given the size of the District and limited financial resources, the Board will need to determine if the economics of the aforementioned remedies are feasible.

DRAFT



Contact Information

Nathan A. Fyock, CPA, ABV

Principal

NFyock@DalbyCPA.com

970-243-1921

Matthew J. Bieberly, CPA

Manager

MBieberly@DalbyCPA.com

970-243-1921

DRAFT

Dalby, Wendland & Co., P.C.

464 Main Street

Grand Junction, CO 81501

www.DalbyCPA.com

