Telluride Fire Protection District

Audit Results and Report to the Board of Directors
As of and for the Year Ended December 31, 2025

DWC
CPAS | ADVISORS

Table of Contents

This report and information is intended solely for the use of the board of directors and management of the 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, the major fund, and the aggregate remaining fund information of Telluride Fire Protection District (the District) for the year ended December 31, 2025, and have issued our report thereon dated June 16, 2026. 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 December 5, 2025. Professional standards also require that we communicate to you the following information related to our audit:

Requirement	Discussion Points
Auditor's judgement about the quality of the District's accounting policies, estimates, and financial disclosures	In accordance with applicable accounting standards, we reviewed the quality of the District's financial reporting, which includes the Districts'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.
Sensitive accounting estimates	The most sensitive estimates affecting the financial statements were: • 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 2025 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 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. • Management's estimate of depreciation expense is based on estimated useful lives of individual assets. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Requirement	Discussion Points
Sensitive financial statement disclosures	The most sensitive disclosures affecting the financial statements are: • The disclosure of the budgets in Note 4 to the financial statements. • The disclosure of the District's capital assets in Note 6 to the financial statements. • The disclosure of the District's 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	Significant accounting policies and practices used by the District are described in Note 1 to the financial statements.
Summary of audit adjustments	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 summary of audit adjustments.
Disagreements with management	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.
Consultations with other accountants	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.
Other audit findings or issues	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.
Difficulties encountered during the audit	We encountered no difficulties in dealing with management in performing and completing our audit.

DWC
CPAS | ADVISORS

Requirement	Discussion Points
Representations requested from management	We request certain representations from management, which are included in the management representation letter dated June 16, 2026.
Required Supplementary Information	We applied certain limited procedures to the Management's Discussion and Analysis, the budgetary comparison schedule, 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.
Other Supplementary information accompanying the audited financial statements	With respect to the other supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the Comparative Schedules of Revenues, Expenditures, and Changes in Fund Balance – General Fund and the Comparative Schedules of Revenues, Expenditures, and Changes in Fund Balance – Debt Service Fund 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.

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.

DWC

Grand Junction, Colorado
June 16, 2026

DWC
CPAS | ADVISORS

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, 2025 and for the year then ended.

Adjusting Journal Entries JE # 1			
Client Requested Entry: To adjust GASB 68 pension balances for the District's proportionate share related to employees participating in the FPPA Statewide Defined Benefit Plan and the FPPA Volunteer Pension Fund as of December 31, 2025.			
2901	Net Pension Liability	$ 331,721	
2903a	Contributions	154,192	
2903c	Experience Gains & Losses	162,401	
2904e	Deferred Inflow - Pension Invst	27,153	
2903b	Pension Investments		$ 348,688
2903e	Change in Assumptions		64,150
2904c	Experience Gains & Losses		45,668
2904d	Pension Proportionate Share		2,741
DWC -27	GASB 68 Current Year Pension Expense		214,220
Total		**$ 675,467**	**$ 675,467**

Adjusting Journal Entries JE # 2			
Client Requested Entry: To record the change in the balance of accrued interest from December 31, 2024 to December 31, 2025.			
2203	Accrued Interest Payable	$ 25,634	
DWC-63	Change in Accrued Interest - Lease-Purchase Obligation		$ 3,694
DWC-64	Change in Accrued Interest - Community Equip Lease		1,483
DWC-65	Change in Accrued Interest - Community Housing Lease		20,457
Total		**$ 25,634**	**$ 25,634**

Adjusting Journal Entries JE # 3			
Client Requested Entry: To adjust capital assets, accumulated depreciation, and depreciation expense as of and for the year ended December 31, 2025.			
1610.1	Less - Accum Depr (Equip)	$ 106,285	
1630	Land	454,341	
1640	Other Asset	316,639	
3605	Equipment Sold	9,667	
6920.3	Misc. Amb. Cap	132,291	
DWC-47	Depreciation Expense	805,350	
1600	Buildings		$ 454,341
1600.1	Less - Accum Depr (Bldg)		233,136
1610	Equipment		170,153
1620	Vehicles		370,742
1620.1	Less - Accum Depr (Vehicles)		331,619
6102.5	Misc. Equipment		132,291
6907	Capital Outlay - Contra Account		132,291
Total		**$ 1,824,573**	**$ 1,824,573**

Adjusting Journal Entries JE # 4			
Client Requested Entry: To adjust accrued compensated absences to the reconciled balance as of and for the year ended December 31, 2025.			
5199	Change in Accr Compensated Wage	$ 491	
2580	Accrued Compensated Absences		$ 491
Total		**$ 491**	**$ 491**

Adjusting Journal Entries JE # 5			
Client Requested Entry: To reverse out accrued payroll that was paid in the 2025 year as of and for the year ended December 31, 2025.			
2202	Accrued Payroll	$ 282,723	
5101	District Employee Pay		$ 282,723
Total		**$ 282,723**	**$ 282,723**

Adjusting Journal Entries JE # 6			
Client Requested Entry: To accrue wages, payroll taxes, and pension expenses paid in 2026 as of and for the year ended December 31, 2025.			
5101	District Employee Pay	$ 279,211	
5102	Crew Pay - Fire	2,252	
5109	Personal Vehicle Usage Allowanc	4,800	
5110	Public Information Officer	400	
5201	Fed/State Payroll Taxes	1,832	
5205	FPPA - District Match	24,761	
5206	FPPA - D&D	7,700	
2111	Direct Deposit Liabilities		$ 144,800
2202	Accrued Payroll		176,156
Total		**$ 320,956**	**$ 320,956**

Adjusting Journal Entries JE # 7			
Client Requested Entry: To reclassify fund balance to the TABOR reserve to maintain compliance with Colorado TABOR requirements as of December 31, 2025.			
3901	Retained Earnings	$ 11,000	
2747	Tabor Reserve Account		$ 11,000
Total		**$ 11,000**	**$ 11,000**

Adjusting Journal Entries JE # 8			
Client Requested Entry: To reclassify fund balance restricted for acquisition of capital assets related to the balance of cash restricted for acquisition of capital assets as of December 31, 2025 out of unassigned fund balance.			
2748	Restricted- Capital Asset Acq	$ 1,738,743	
3901	Retained Earnings		$ 1,738,743
Total		**$ 1,738,743**	**$ 1,738,743**

Adjusting Journal Entries JE # 9			
Client Requested Entry: To adjust beginning fund balance accounts and beginning net position accounts as of January 1, 2025 to match ending fund balance amounts and ending net position balances in the prior year audited financial statements.			
1750	Amount to be Provided	$ 245,338	
1751	Amount to be Provided - (DF)	1,391,705	
2749	Nonspendable Assets	68,152	
2906	GASB 68 Pension Expense	290,912	
3901	Retained Earnings	496,465	
2730	Investment in GFA		$ 2,478,651
2743	Debt Service Fund		13,921
Total		**$ 2,492,572**	**$ 2,492,572**

Adjusting Journal Entries JE # 10			
Client Requested Entry: To close the Debt Service Fund and transfer remaining assets to the General Fund as of and for the year ended December 31, 2025.			
1801	GF - Due (to)/ from Other Funds	$ 1,387	
3401-D	Delinquent Taxes (DF)	84	
3402-D	Delinquent Interest (DF)	12	
3405-D	Specific Taxes (DF)	59	
3408	Prior Year Abatement	274	
3409	Prior Year Abatement Interest	17	
3411-D	Other - DF	131	
6713-D	Treasurer's Fees (DF)	5	
DWC-71	Transfer to General Fund	273,849	
1803	DSF - Due (to)/from Other Funds		$ 1,387
3401	Delinquent Taxes		84
3402	Delinquent Interest		12
3405	Specific Taxes		59
3408-D	Prior Year Abatement (DF)		274
3409-D	Prior Year Abatement Int (DF)		17
3411	Other		131
6713	Treasurer Fees		5
DWC-70	Transfer from Debt Service Fund		273,849
Total		**$ 275,818**	**$ 275,818**

Adjusting Journal Entries JE # 11			
Client Requested Entry: To reclassify nonspendable fund balance related to assigned capital projects as of December 31, 2025 out of unassigned fund balance.			
3901	Retained Earnings	$ 4,500,000	
DWC-69	Assigned Capital Projects		$ 4,500,000
Total		**$ 4,500,000**	**$ 4,500,000**

GRAND JUNCTION
464 Main Street | PO Box 430 | Grand Junction, CO 81502-0430
Phone: (970) 243-1921 | Fax: (970) 243-9214

The Board of Directors
Telluride Fire Protection District
Telluride, Colorado

In planning and performing our audit of the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Telluride Fire Protection District (the District) as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the District's system of internal control over financial reporting (internal control) as a basis for designing our auditing 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. We did not identify and deficiencies in internal control that we consider to be material weaknesses.

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 in the District's internal control discussed 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 of the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

DWC

Grand Junction, Colorado
June 16, 2026

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 set of financial statements in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. In accordance with Statement of Auditing Standards 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 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.

Contact Information

Nathan A. Fyock, CPA, ABV
Audit Service Line Director
NFyock@DWCAdvisors.com
970-243-1921

Christopher T. Allen, CPA
Principal
CAllen@DWCAdvisors.com
970-243-1921

Kelsa D. Tinsley, CPA
Principal
KTinsley@DWCAdvisors.com
970-243-1921

Brent S. Metzler
Supervisor
BMetzler@DWCAdvisors.com
970-243-1921

DWC CPAs and Advisors
464 Main Street
Grand Junction, CO 81501
www.DWCAdvisors.com