

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section is the Timberline Fire Protection District's (the District) annual financial report's discussion and analysis of the District's financial performance from January 1, 2025, through December 31, 2025. Please read it in conjunction with the District's financial statements that follow this section.

The District was incorporated in April 1972 as a special district under the provisions of the Colorado Special District Act. Its function is to provide fire suppression, fire prevention, and emergency rescue services to property and citizens within the District's juris located in rural Gilpin and Boulder Counties, Colorado.

FINANCIAL HIGHLIGHTS

An Amended Budget was adopted on July 23, 2026. The amendment was necessary due to delays in reimbursements for wildland deployments and to reflect the bay addition at Station 3.

In 2025, Timberline incurred increasing delays with wildland reimbursements. We carried over \$400,000 in pending deployment reimbursements to our 2026 budget (work occurred and was billed in 2025). Our Fire Chief has worked with the State of Colorado to develop ideas to expedite the release of these funds and ensure we can continue our deployment program.

Timberline began implementing Impact Fees within Gilpin County in June 2020. Impact fees for new construction are as follows: residential homes: \$2,327, commercial structures: \$2.82/sq ft. The fee has been quite successful, as there has been considerable new construction in Gilpin County since its implementation.

In May 2022, the District obtained the Fritz Peak Observatory at no cost to our taxpayers. The buildings and surrounding land were acquired via the federal disposal process. The District is in the process of adding fire apparatus bays at the south end of the property and updating the current building, with completion expected in mid-2026. A portion of the new construction is funded via Congressionally Directed Spending Grant (funds will be obtained in 2026), a DOLA EIAF Grant (\$200,000 match), and the above-noted lease-purchase for \$700,000. Our groundbreaking occurred in mid-August 2025. Our total project cost is expected to be nearly \$2.5 million.

Our district-wide mitigation campaign has also expanded greatly. Timberline is working closely with our neighboring districts, the Gilpin County Commissioners, and local Watershed Collectives to mitigate local neighborhoods, homeowner properties, and rights-of-way to ensure the safe egress of property owners and the safe ingress of fire staff in the event of a wildland fire.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: management's discussion and analysis and the basic financial statements (General Fund).

The General Fund is a governmental fund. The basic financial statements include footnotes that are an integral part of the financial statements and provide detailed additional information.

The governmental Fund (General Fund) provides short-term information on the District's overall operating financial status. These statements explain how expenditures are financed and what remains for future spending. The governmental fund statements report information about the District using the modified accrual basis of accounting. The statement of net position includes all the government's assets and liabilities.

The District's services are funded primarily through property taxes levied by the District and collected by Gilpin and Boulder Counties. Property tax revenues increased slightly in 2025.

Under GASB 34, the District must report depreciation on capital assets; however, this does not require the outlay of funds. Administration expenses increased slightly, primarily in salaries, wages, and benefits, due to department staffing changes and small changes to keep up with inflation. All other expenditures were generally routine in Fire Fighting Equipment, Fire Prevention, Training, Communications, Medical, and Stations and Buildings.

CONTACTING THE DISTRICT'S ADMINISTRATIVE OFFICE

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Administrative Office at 303-582-5768, located at Station 3, 19126 Highway 119, Gilpin County. The District's mailing address is Timberline Fire Protection District, 660 Hwy 46, Black Hawk, CO 80422. You will be put in contact with the appropriate official.