

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, 2023, through December 31, 2023. 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 24, 2024. The amendment was necessary due to delays in wildland deployment reimbursements and the new GASB 87 lease standard that requires the district to capture the total expenditure of the lease-purchase incurred for fire apparatus.

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 within Gilpin County since the implementation of the fee.

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. We plan to work towards updating the building throughout 2024 and plan to add fire apparatus bays to the south end of the property.

In October 2023, Timberline Station 9 was completed on the south end of the district. Half of the project was funded by a State of Colorado Energy and Minerals (EIAF) Grant, the remainder was funded with district funds. The station is currently open and operational.

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 that provide detailed additional information.

The governmental fund (General Fund) provides short-term information about 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 as a whole using the modified accrual basis of accounting. The statement of net position includes all of 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 2023.

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.

Summary of Governmental Net Position for 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| <u>Assets</u> | | |
| Current and other assets | \$ 2,546,850 | \$ 3,085,667 |
| Capital assets | 3,630,446 | 1,599,458 |
| Total Assets | <u>6,177,296</u> | <u>4,685,125</u> |
| <u>Deferred Outflows of Resources</u> | | |
| Related to pension | 443,422 | 152,788 |
| Total Deferred Outflows of Resources | <u>443,422</u> | <u>152,788</u> |
| <u>Liabilities</u> | | |
| Accounts payable | 41,298 | 89,936 |
| Net pension liability | 287,585 | 6,419 |
| Long-term liabilities | 1,044,093 | 35,054 |
| Total Liabilities | <u>1,372,976</u> | <u>131,409</u> |
| <u>Deferred Inflows of Resources</u> | | |
| Related to pension | 98,673 | 367,865 |
| Unavailable property taxes | 1,652,862 | 1,228,894 |
| Total Deferred Inflows of Resources | <u>1,751,535</u> | <u>1,596,759</u> |
| <u>Net Position</u> | | |
| Net investment in capital assets | 2,618,050 | 1,599,458 |
| Restricted | 60,961 | 287,801 |
| Unrestricted | 790,759 | 1,222,486 |
| Total Net Position | <u>\$ 3,469,770</u> | <u>\$ 3,109,745</u> |

Summary of Governmental Revenues and Expenditures for 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|------------------------------|-------------------------|-------------------------|
| <u>Revenues</u> | | |
| Property taxes | \$ 1,229,513 | \$ 1,214,802 |
| Specific ownership taxes | 77,874 | 87,508 |
| Charges for services | 106,268 | 561,166 |
| Impact fees | 58,175 | 96,841 |
| Rental income | 51,095 | - |
| Investment earnings | 29,546 | 8,985 |
| Contributions and grants | 446,172 | 176,196 |
| Other revenue | 357,804 | 114,456 |
| Total revenues | <u>2,356,447</u> | <u>2,259,954</u> |
| <u>Expenditures</u> | | |
| Administration | 271,208 | 351,092 |
| Fire fighting | 960,968 | 792,506 |
| Pension fund contributions | 84,728 | 70,956 |
| Training | 130,326 | 99,063 |
| Communications | 8,381 | 2,922 |
| Repair service | 114,760 | 106,290 |
| Stations and buildings | 105,645 | 92,167 |
| Water fund expenses | 5,000 | 0 |
| Depreciation | 199,168 | 255,025 |
| Amortization | 78,303 | 0 |
| Interest expense | 11,086 | 0 |
| Total expenditures | <u>1,969,573</u> | <u>1,770,021</u> |
| Change in net position | 386,874 | 489,933 |
| Net position - beginning | <u>3,109,745</u> | <u>2,619,812</u> |
| Net position - ending | <u>\$ 3,496,619</u> | <u>\$ 3,109,745</u> |