

**TIMBERLINE
FIRE PROTECTION DISTRICT
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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Independent Auditors' Report

Board of Directors
Timberline Fire Protection District
Black Hawk, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Timberline Fire Protection District (the District) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, General Fund budgetary comparison schedule, and GASB required pension schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Adams Group, LLC

Greenwood Village, Colorado
July 15, 2025

TIMBERLINE FIRE PROTECTION DISTRICT 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, 2024, through December 31, 2024. 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 15, 2025. The amendment was necessary due to delays in wildland deployment reimbursements and to reflect the \$700,000 lease-purchase for the bay addition at Station 3.

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 continue our work towards updating the building throughout 2025 by adding fire apparatus bays to the south end of the property. A portion of the new construction is funded via Congressionally Directed Spending Grant (funds will be obtained late 2025 or early 2026), a DOLA EIAF Grant (\$200,000 match), and the above-noted lease-purchase for \$700,000. Our groundbreaking is scheduled for mid-August 2025.

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.

TIMBERLINE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

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 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Current and other assets	\$ 3,258,717	\$ 2,678,361
Capital assets	3,817,035	3,630,446
Total Assets	<u>7,075,752</u>	<u>6,308,807</u>
<u>Deferred Outflows of Resources</u>		
Related to pension	421,921	443,422
Total Deferred Outflows of Resources	<u>421,921</u>	<u>443,422</u>
<u>Liabilities</u>		
Accounts payable	49,517	41,298
Net pension liability	195,077	287,585
Long-term liabilities	1,626,814	1,044,093
Total Liabilities	<u>1,871,408</u>	<u>1,372,976</u>
<u>Deferred Inflows of Resources</u>		
Related to pension	113,623	98,673
Unavailable property taxes	1,685,488	1,652,862
Related to leases	62,716	131,099
Total Deferred Inflows of Resources	<u>1,861,827</u>	<u>1,882,634</u>
<u>Net Position</u>		
Net investment in capital assets	2,221,804	2,618,050
Restricted	740,589	87,810
Unrestricted	802,045	790,759
Total Net Position	<u><u>\$ 3,764,438</u></u>	<u><u>\$ 3,496,619</u></u>

TIMBERLINE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary of Governmental Revenues and Expenditures for 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>Revenues</u>		
Property taxes	\$ 1,646,073	\$ 1,229,513
Specific ownership taxes	106,388	77,874
Charges for services	421,018	106,268
Impact fees	53,521	58,175
Rental income	68,543	51,095
Investment earnings	38,512	29,546
Contributions and grants	437,991	446,172
Other revenue	145,069	357,804
Total revenues	<u>2,917,115</u>	<u>2,356,447</u>
<u>Expenditures</u>		
Administration	297,486	271,208
Fire fighting	1,349,751	960,968
Pension fund contributions	24,781	84,728
Training	72,871	130,326
Communications	217	8,381
Repair service	462,321	114,760
Stations and buildings	79,098	105,645
Water fund expenses	0	5,000
Depreciation	165,618	199,168
Amortization	156,607	78,303
Interest expense	40,546	11,086
Total expenditures	<u>2,649,296</u>	<u>1,969,573</u>
Change in net position	267,819	386,874
Net position - beginning	3,496,619	3,109,745
Net position - ending	<u>\$ 3,764,438</u>	<u>\$ 3,496,619</u>

BASIC FINANCIAL STATEMENTS

TIMBERLINE FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities
<u>Assets</u>	
Cash and investments	\$ 622,497
Restricted cash	632,038
Property tax receivable	1,685,488
Accounts receivable	255,783
Leases receivable	62,716
Interest receivable	195
Right-to-use leased vehicles, net of amortization	1,331,158
Capital assets, not being depreciated	239,410
Capital assets, net of depreciation	2,246,467
Total Assets	<u>7,075,752</u>
<u>Deferred Outflows of Resources</u>	
Related to pension	421,921
Total Deferred Outflows of Resources	<u>421,921</u>
<u>Liabilities</u>	
Accounts payable	14,643
Accrued wages and benefits	5,413
Accrued interest	29,461
Compensated absences	31,583
Lease liability	895,231
Note Payable	700,000
Net pension liability	195,077
Total Liabilities	<u>1,871,408</u>
<u>Deferred Inflows of Resources</u>	
Related to pension	113,623
Unavailable property taxes	1,685,488
Related to leases	62,716
Total Deferred Inflows of Resources	<u>1,861,827</u>
<u>Net Position</u>	
Net investment in capital assets	2,221,804
Restricted	
Emergencies	79,202
Projects	661,387
Unrestricted	802,045
Total Net Position	<u>\$ 3,764,438</u>

The accompanying notes are an integral part of these financial statements.

TIMBERLINE FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Functions/Programs	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities:				
General administration	\$ 297,486	\$ -	\$ -	\$ (297,486)
Fire and emergency medical services	2,351,810	421,018	437,991	(1,492,801)
Total Governmental Activities	<u>\$ 2,649,296</u>	<u>\$ 421,018</u>	<u>\$ 437,991</u>	<u>(1,790,287)</u>
GENERAL REVENUES:				
Property taxes				1,646,073
Specific ownership taxes				106,388
Investment earnings				38,512
Other revenue				<u>267,133</u>
Total general revenues				<u>2,058,106</u>
Changes in net position				267,819
Net position, beginning				<u>3,496,619</u>
Net position, ending				<u>\$ 3,764,438</u>

The accompanying notes are an integral part of these financial statements.

TIMBERLINE FIRE PROTECTION DISTRICT
BALANCE SHEET – GOVERNMENTAL FUND
DECEMBER 31, 2024

	<u>General Fund</u>
<u>Assets</u>	
Cash and investments	\$ 622,497
Restricted cash	632,038
Property tax receivable	1,685,488
Leases receivable	62,716
Interest receivable	195
Accounts receivable	<u>255,783</u>
Total Assets	<u><u>\$ 3,258,717</u></u>
 <u>Liabilities, deferred inflows of resources and fund balances</u>	
Liabilities:	
Accounts payable	\$ 14,643
Accrued salaries and benefits	<u>5,413</u>
Total Liabilities	<u>20,056</u>
Deferred inflow of resources	
Unavailable property tax revenue	1,685,488
Unavailable - deployments	193,431
Related to leases	<u>62,716</u>
Total Deferred Inflow of Resources	<u>1,941,635</u>
Fund balances:	
Restricted	
Emergencies	79,202
Projects	661,387
Unassigned	<u>556,437</u>
Total Fund Balance	<u>1,297,026</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u><u>\$ 3,258,717</u></u>

The accompanying notes are an integral part of these financial statements.

TIMBERLINE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2024

Total fund balance, governmental fund	\$ 1,297,026
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets and leases used in governmental activities are not financial resources and therefore, are not reported in the governmental funds:

Capital assets	2,485,877
Right-to-use leased vehicles, net	1,331,158

Pension assets (liabilities) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	(195,077)
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Long-term liabilities, are not due and payable in the current period, and therefore, are not reported in governmental funds:

Compensated absences	(31,583)
Note payable	(700,000)
Accrued interest	(29,461)
Lease liability	(895,231)

Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds:

Related to pension	421,921
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Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds:

Deployments	193,431
Related to pension	(113,623)

Total net position of governmental activities	<u>\$ 3,764,438</u>
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The accompanying notes are an integral part of these financial statements.

TIMBERLINE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
DECEMBER 31, 2024

	<u>General Fund</u>
<u>Revenues</u>	
Property taxes	\$ 1,646,073
Specific ownership taxes	106,388
Charges for services	227,587
Impact fees	53,521
Rental income	68,543
Investment earnings	38,512
Contributions and grants	437,991
Other revenue	86,375
Total revenues	<u>2,664,990</u>
<u>Expenditures</u>	
Current:	
Administration	297,600
Fire fighting	1,405,808
Pension fund contributions	24,781
Training	72,871
Communications	217
Repair service	462,321
Stations and buildings	57,769
Water fund expenses	0
Lease payments	139,336
Capital outlay	530,143
Total expenditures	<u>2,990,846</u>
Excess revenue over (under) expenditures	(325,856)
<u>Other financing sources</u>	
Proceeds from sale of capital assets	45,000
Loan proceeds	700,000
Insurance proceeds	13,694
Total other financing sources	<u>758,694</u>
Net changes in fund balance	<u>432,838</u>
Fund balances - beginning	<u>864,188</u>
Fund balances - ending	<u>\$ 1,297,026</u>

The accompanying notes are an integral part of these financial statements.

TIMBERLINE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2024

Net changes in fund balance - total governmental fund: \$ 432,838

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	508,814
Lease payments	139,336
Depreciation expense	(165,618)
Amortization expense	(156,607)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Deployment revenues	193,431
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Loan proceeds are treated as revenues in the governmental funds, but are recorded as liabilities on the statement of net position:

Loan proceeds	(700,000)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund:

Compensated absences	114
Change in accrued interest	(40,546)
Pension income (expense)	56,057

Changes in net position of governmental activities	\$ 267,819
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The accompanying notes are an integral part of these financial statements.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Timberline Fire Protection District (the District) is an independent local governmental unit incorporated under the laws of the State of Colorado and organized under a charter and governed by an elected Board of Directors to provide volunteer fire protection and emergency services within the boundaries of the District in Boulder and Gilpin counties in Colorado. High Country Fire Protection District changed its name to Timberline Fire Protection District on April 1, 2011. Pursuant to an election and intergovernmental agreement, the Colorado Sierra Fire Protection District (Sierra) and the Timberline Fire Authority (Authority) merged into the Timberline Fire Protection District. This also occurred on April 1, 2011.

The accounting policies of the District conform to U.S. generally accepted accounting principles applicable to governmental entities. The following is a summary of the more significant policies:

Summary of Significant Accounting Policies

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the exercise of oversight responsibility by a governmental unit's elected officials as the basic criterion for including a possible component governmental agency in a governmental unit's reporting entity. Oversight responsibility includes, but is not limited to, selection of governing authority, ability to significantly influence operations, financial interdependency and accountability for fiscal matters.

The District does not exercise oversight responsibility over any other entity, nor is the District a component of any other governmental entity.

Government-wide and fund financial statements

The government-wide financial statements (i.e., statement of net position and the statement of activities). These financial statements include all of the activities of the District. Governmental activities are normally supported by taxes.

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment. Taxes and other items not properly included amount program revenues are reported instead as general revenues.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets. Employer and plan member contributions are recognized in the period that contributions are due.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or when the long-term obligations is paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

General Fund – The general fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

Revenues – Exchange and non-exchange transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, interest income is considered to be susceptible to accrual.

Non-exchange transactions, in which the District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resource are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense/expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Budgets

In accordance with the Colorado Budget Law, the District's Board of Directors holds public hearings in the Fall each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget and appropriation resolutions upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end. Budgets for the governmental fund types are adopted on a basis consistent with U.S. generally accepted accounting principles.

Encumbrance accounting (open purchase orders, contracts in process and other commitments for the expenditures of funds in future periods) is not used by the District for budget or financial reporting purposes.

Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are recorded at cost or estimated acquisition cost. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

Depreciation of all exhaustible capital assets is charged as an expense against their operations. Depreciation is provided over the estimated useful lives using the straight-line method.

Property taxes

Property taxes are levied by December 15, on assessed valuation as of August 25 of each year and attach as an enforceable lien on January 1 of the following year. These taxes are due in full by April 30; however, they are not delinquent if paid in installments by February 28, and June 15. Taxes become delinquent after those dates and are subject to interest charges.

Property taxes receivable of \$1,685,488 are reflected as deferred inflows of resources for amounts earned in 2024 but levied for a subsequent period.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The District follows Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financing the right to use an underlying asset. Under this standard, the lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Compensated Absences

Employees of the District may accumulate unused vacation time. Upon separation of employment with the District, an employee will be compensated for accrued vacation time at their current rate of pay. Accumulated unpaid vacation pay is accrued when earned in the government-wide financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Accordingly, the item, *unavailable revenue*, is reported for taxes levied in the current year but collected or remitted to the District in the next fiscal period.

Net Position

Net position presents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the statement of net position. The District has net position consisting of the following components:

Net Investment in Capital Assets – consists of net capital assets and right-of-use lease assets, reduced by any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by deferred outflows of resources related to those assets.

Restricted Net Position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted Net Position – consists of all other net position that does not meet the definition of the above components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund balance

The District's governmental fund balances consist of the following classifications based on the relative strength of the spending constraints:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of District's Board. The Board is the highest level of decision-making body for the district. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. At December 31, 2024, the District has no committed funds.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board may assign fund balances for specific purposes. At December 31, 2024, the District has no assigned funds.

Unassigned – All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Tax, spending, and debt limitations

TABOR establishes revenue and spending limits, and imposes other specific requirements on state and local governments. In May 1998, the District's voters approved changes that reduced certain limits imposed by TABOR. As a result, the District is permitted to retain all revenues from all resources. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and volunteers and natural disasters. It carries commercial insurance coverage of these risks of loss. Claims have not exceeded coverage in any of the last three fiscal years.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributed Services

The Board of Directors and the Volunteer Firefighters volunteer their time and perform a variety of tasks that assist the District in its operations. No amounts have been reflected in the financial statements for such services.

NOTE 2 - CASH AND INVESTMENTS

The District has adopted Governmental Accounting Standards Board Statement No. 40, Deposits and Investment Risk Disclosure (GASB 40). GASB 40 established and modifies disclosure requirements related to investment risks including credit risk (custodial credit risk and concentrations of credit risk), interest rate risk and foreign currency risk.

The District maintains its investments and deposits with financial institutions in accordance with state statutes for the investment of public funds. Deposits are stated at cost, which approximates market value. A summary of deposits and investments at December 31, 2024 follows:

Cash deposits	856,094
Investments	398,441
Total cash and investments	<u>\$ 1,254,535</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2024, the carrying amount and bank balance of the District's deposits were \$850,113 and \$886,639. Of the bank balances, \$250,000 was covered by FDIC insurance. Any balance in excess of FDIC during the year was covered by the PDPA.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Deposits (continued)

Restricted cash represents loan funds received held in escrow to be used for a particular capital project.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Such actions are generally associated with a debt service reserve or sinking fund requirements. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- Obligations of the United States, certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Certain reverse repurchase agreements
- Certain securities lending agreements
- Certain corporate bonds
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2024, the District had investments of \$398,441 held with Colorado Local Government Liquid Asset Trust (ColoTrust). The District's investments are in ColoTrust Prime, which operates similar to a money market fund and each share is equal in value to \$1.00 and offers daily liquidity. It may invest in U.S. Treasury securities and repurchase agreement collateralized by U.S. Treasury securities. A designated custodial bank serves as custodian for the portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

The custodian's internal records segregate investments owned by the Trust. ColoTrust is rated AAAM by Standard & Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 3 - CAPITAL ASSETS

The following is a summary of governmental activities capital assets during the year ended December 31, 2024:

	Balance December 31, 2023	Additions	Deletions	Transfers	Balance December 31, 2024
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 168,168	\$ -	\$ -	\$ -	\$ 168,168
Construction in progress	-	71,242	-	-	71,242
Total capital assets, not being depreciated	168,168	71,242	-	-	239,410
Capital Assets, Being Depreciated					
Buildings	1,961,005	310,566	-	-	2,271,571
Equipment	2,563,883	127,006	(135,991)	-	2,554,898
Water storage	152,737	-	-	-	152,737
Total capital assets, being depreciated	4,677,625	437,572	(135,991)	-	4,979,206
Accumulated depreciation					
Buildings	(771,436)	(50,135)	-	-	(821,571)
Equipment	(1,810,592)	(109,373)	135,991	-	(1,783,974)
Water storage	(121,084)	(6,110)	-	-	(127,194)
Total accumulated depreciation	(2,703,112)	(165,618)	135,991	-	(2,732,739)
Net capital assets, depreciated	1,974,513	271,954	-	-	2,246,467
Net capital assets	<u>\$ 2,142,681</u>	<u>\$ 343,196</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,485,877</u>

Depreciation expense was \$165,618 and was charged to the fire and emergency medical services function for the year ended December 31, 2024.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 - CAPITAL ASSETS (CONTINUED)

The following is a summary of governmental activities right-to-use leased assets during the year ended December 31, 2024:

	Balance December 31, 2023	Additions	Deletions	Balance December 31, 2024
Governmental Activities:				
Right-to-use leased assets being amortized:				
Right-to-use leased vehicles	\$ 1,566,068	\$ -	\$ -	\$ 1,566,068
Less: Accumulated amortization	<u>(78,303)</u>	<u>(156,607)</u>	<u>-</u>	<u>(234,910)</u>
Right-to-use leased vehicles, net	<u>\$ 1,487,765</u>	<u>\$ (156,607)</u>	<u>\$ -</u>	<u>\$ 1,331,158</u>

Amortization expense was \$156,607 and was charged to the fire and emergency medical services function for the year ended December 31, 2024.

NOTE 4 - LEASES RECEIVABLE

The District, acting as lessor, leases portions of its land and building space to other parties under long-term, noncancelable lease agreements. The leases may provide for renewal options, but it is uncertain whether the tenants will exercise the options and have therefore been excluded from the lease term. During the year ended December 31, 2024, the District recognized lease revenue and interest revenue from leasing activities of \$68,543 and \$3,703, respectively. The leases provide for fixed rent payments over the lease term. Future minimum lease payments are as follows for the years ended December 31:

2025	\$ 49,943
2026	<u>12,773</u>
Total	<u>\$ 62,716</u>

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2024:

	Balance December 31, 2023	Additions	Deletions	Balance December, 31 2024	Due In One Year
Lease liability	\$ 1,012,396	\$ -	\$ 117,165	\$ 895,231	\$ 119,730
Note payable	-	\$ 700,000	\$ -	\$ 700,000	\$ 29,171
Compensated absences*	<u>31,697</u>	<u>-</u>	<u>114</u>	<u>31,583</u>	<u>31,583</u>
Total	<u>\$ 1,044,093</u>	<u>\$ 700,000</u>	<u>\$ 117,279</u>	<u>\$ 1,626,814</u>	<u>\$ 180,484</u>

*The change in compensated absences is presented net.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

On July 31, 2021, the District entered into a lease agreement for 3 Maxi Contender Fire Apparatus and 2 Skeeter Brush Trucks. The agreement includes a trade in of certain trucks previously owned by the District, an initial deposit of \$275,000, and \$280,000 paid upon delivery. In addition, annual payments of \$139,336 are due on September 1 beginning September 1, 2022 and ending September 1, 2031. Annual payments include interest of 2.19%.

The equipment was not delivered until 2023. In accordance with GASB Statement No. 87, the lease commencement date occurs when the lessee has a noncancellable right to use the underlying asset. Prior to delivery of the assets, the District made total payments of \$414,336 through December 31, 2022 in connection with this agreement.

Annual requirements to amortize long-term lease obligations and related interest are as follows for the year ended December 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 119,730	\$ 19,606	\$ 139,336
2026	122,353	16,983	139,336
2027	125,032	14,304	139,336
2028	127,770	11,566	139,336
2029	130,568	8,767	139,335
2030 - 2031	<u>269,778</u>	<u>8,894</u>	<u>278,672</u>
	<u>\$ 895,231</u>	<u>\$ 80,120</u>	<u>\$ 975,351</u>

On July 30, 2024, the District entered into an note payable agreement for \$700,000. The funds are held in escrow and released as the District incurs costs for certain capital improvements. Unspent proceeds are included in restricted cash. The loan carries an interest rate of 6.3% and is collateralized by real estate. Future payments of principal and interest are as follows for the years ended December 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 29,171	\$ 43,648	\$ 72,819
2026	31,038	41,781	72,819
2027	33,024	39,795	72,819
2028	35,137	37,681	72,818
2029	37,386	35,433	72,819
2030 - 2034	226,028	138,066	364,094
2035 - 2039	<u>308,216</u>	<u>55,878</u>	<u>364,094</u>
	<u>\$ 700,000</u>	<u>\$ 392,282</u>	<u>\$ 1,092,282</u>

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 - VOLUNTEERS' PENSION FUND

Plan Description

The District, on behalf of its volunteer firefighters, contributes to a defined benefit pension plan which is administered by FPPA. Assets of the plan are commingled for investment purposes in the Fire and Police member's Benefit Fund, an agent multiple employer defined benefit pension plan administered by FPPA.

The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the pension fund board of trustees. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available annual financial report that includes the assets of the volunteer plan. That report may be obtained by calling FPPA at 303-770-3772.

Volunteer firefighters who complete the minimum annual training required by the District and are members in good standing of the volunteer organization, are eligible to participate in the plan for that year. Volunteers' rights to a benefit vest after ten years of service. Volunteers who retire at, or after the age of 50, with twenty years of credited service are entitled to benefit. Volunteers who retire with ten years of credited service are entitled to a partial benefit. Surviving spouses are entitled to a 50 percent benefit.

At December 31, 2024, the following members were covered by the benefit terms:

Retirees and Beneficiaries	57
Inactive, Nonretired Members	1
Active Members	3
Total	<u>61</u>

Benefits Provided

The Plan provides retirement, survivor, death, and funeral benefits. Retirement benefit for a member is \$340 a month for 20 or more years of service. Those members with a minimum of 10 years of service receive \$17 per month for every year of services.

Disability retirement benefit is \$170 per month for short term disability for line of duty injury payable for not more than one year. Long term disability for line of duty injury has a lifetime benefit of \$340 per month. Survivor benefits range from \$170 to \$225 monthly benefit depending on retirement eligibility, in life of duty, and other variables. Funeral benefit to the family members is a one-time payment of \$680.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 - VOLUNTEERS' PENSION FUND (CONTINUED)

Volunteer Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Contributions

Contributions are determined by the FPPA actuary, using the entry age normal cost method as of January 1, 2023. Contributions into the pension fund are derived from two sources; contributions directly from the District and contributions from the State based on assessed property values and other formulas. For the year ended December 31, 2024, the District's contributions were \$24,781.

Volunteer Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2024, the District reported a net pension liability of \$195,077. The net pension liability was measured at December 31, 2023 and was determined by an actuarial valuation as of January 1, 2023. Standard update procedures were used to roll forward the total pension liability to December 31, 2024.

For the year ended December 31, 2024, the District recognized pension income of \$25,561 for the volunteer plan. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	58,386	-
Contributions subsequent to the measurement date	24,781	-
Total	<u>\$ 83,167</u>	<u>\$ -</u>

\$24,781 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2025.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 - VOLUNTEERS' PENSION FUND (CONTINUED)

Volunteer Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ended December 31:

<u>Year Ended December 31,</u>	<u>Amount</u>
2025	\$ 1,426
2026	19,590
2027	44,928
2028	(7,558)
Total	<u>\$ 58,386</u>

Actuarial Assumptions

The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

*Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 - VOLUNTEERS' PENSION FUND (CONTINUED)

Volunteer Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits). For this purpose of the valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.77% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting discount rate is 7.00%.

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 4.05% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (h.15)); and the resulting Single Discount Rate is 7%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Cash	1.00%	4.32%
Fixed Income - Rates	10.00%	5.35%
Fixed Income - Credit	5.00%	5.89%
Absolute Return	9.00%	6.39%
Long Short	6.00%	7.27%
Global Equity	35.00%	8.33%
Private Markets	34.00%	10.31%
Total	<u>100.00%</u>	

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 - VOLUNTEERS' PENSION FUND (CONTINUED)

Changes in the Net Pension Liability

	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	[a]	[b]	[a] - [b]
Balance, December 31, 2022	\$ 1,742,848	\$ 1,505,430	\$ 237,418
Changes for the year:			
Service cost	2,300	-	2,300
Interest	116,281	-	116,281
Net investment income	-	138,156	(138,156)
Contributions - employer	-	27,910	(27,910)
Benefit payments including refunds of employee contributions	(168,504)	(168,504)	-
Difference between expected and actual experience of total pension liability	-	-	-
Changes in assumptions	-	-	-
Administrative expense	-	(22,244)	22,244
State of Colorado supplemental discretionary payment	-	17,100	(17,100)
Net changes	(49,923)	(7,582)	(42,341)
Balance, December 31, 2023	\$ 1,692,925	\$ 1,497,848	\$ 195,077

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability (Asset)	\$ 330,784	\$ 195,077	\$ 77,171

The Fire & Police Pension Association administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at <http://www.fppaco.org>.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 - STATEWIDE RETIREMENT PLAN

Plan Description

The District contributes to the Statewide Retirement Plan, a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire and Police Pension Association of Colorado (FPPA). The Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Plan. All full-time, paid police officers of the Town are members of the Statewide Retirement Plan.

Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and requires supplementary information for both the SWDB and the Statewide Death and Disability Plan. FPPA issues a publicly available financial report that includes information on the plan. That report may be obtained at www.fppaco.org.

Benefits Provided

The FPPA Board of Directors may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The normal retirement age should not be less than age 55 or more than age 60. Any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Members with a combined age and years of service totaling 80 or more, with a minimum age of 50 also qualify for a normal retirement pension.

A member is eligible for retirement after attainment of age 55 with at least five years of credited service. A member is eligible for early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis.

The annual retirement benefit for the defined benefit component is 2.0 percent of the average of the member's highest three-year base salary for each year of credited service up to ten years, plus 2.5 percent of the average of the member's highest three years' base salary for each year of service thereafter.

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost-of-living adjustment (COLA). COLAs may be compounding or non-compounding.

The increase in benefits, if any, is based on the FPPA Board of Director's discretion. Compounding COLAs can range from 0 percent to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 - STATEWIDE RETIREMENT PLAN (CONTINUED)

Benefits Provided (continued)

Upon termination, a member may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

Contributions

The District and eligible employees are required to contribute to the plan at rates established by State statutes. Employer contributions rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. In 2022, members of the SWDB plan and their employers contributed at a rate of 12.0 percent and 9.0 percent, respectively, of pensionable earnings for a total contribution rate of 21.0 percent. In 2023, members of the SWDB plan and their employers contributed at a rate of 12.0 percent and 9.5 percent, respectively, of pensionable earnings for a total contribution rate of 21.5 percent. The District's contributions to the plan of the year ended December 31, 2024, were \$50,762, equal to the required contributions.

Statewide Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2024, the District reported a net pension liability of \$0, representing its proportionate share of the net pension asset of the plan. The net pension liability was measured at December 31, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2024. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2023, the District's proportion was 0.0647% which was an increase of 0.00818% from its proportion measured at December 31, 2022.

For the year ended December 31, 2024, the District recognized pension income of \$28,748.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 - STATEWIDE RETIREMENT PLAN (CONTINUED)

Statewide Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 123,222	\$ 5,920
Changes of Assumptions or other Inputs	71,474	-
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	88,462	-
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
of Contributions	4,834	107,703
Contributions Subsequent to the Measurement Date	50,762	-
Total	<u>\$ 338,754</u>	<u>\$ 113,623</u>

\$50,762 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as an increase in the net pension asset in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows for the years ended December 31:

2025	\$ 31,806
2026	53,855
2027	83,882
2028	(1,740)
2029	2,917
Thereafter	3,649
Total	<u>\$ 174,369</u>

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 - STATEWIDE RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

The actuarial valuations as of January 1, 2024, determined the total pension liability using the following actuarial assumptions and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
Actuarial Valuation Date	January 1, 2024	January 1, 2023
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 years
Long-term Investment Rate of Return*	7.0%	7.0%
Projected Salary Increases	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60 percent of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disable retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2022 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent).

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 - STATEWIDE RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	35%	8.33%
Equity Long/Short	6%	7.27%
Private Markets	34%	10.31%
Fixed Income - Rates	10%	5.35%
Fixed Income - Credit	5%	5.89%
Absolute Return	9%	6.39%
Cash	1%	4.32%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

As of the measurement period ending December 31, 2023, the COLA assumption, which was previously 0.00%, was revised to reflect the true nature of Board's Benefits Policy which includes a variable COLA and supplemental payments. Consistent with Board's policy, the new COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00%, then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 - STATEWIDE DEFINED BENEFIT PLAN (CONTINUED)

Discount Rate (continued)

For purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 3.77 percent (based on weekly rate closet to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.00 percent.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension asset calculated using the discount rate of 7.0%, as well as the District’s proportionate share of the net pension liability (asset) if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate, as follows:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 362,811</u>	<u>\$ -</u>	<u>\$ -</u>

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in FPPA’s separately issued financial report, which may be obtained at www.fppaco.org.

NOTE 8 - OTHER RETIREMENT PLANS

457 Plan

The District has adopted a deferred compensation plan (457 Plan) as defined under Internal Revenue Code Section 457. The 457 plan allows District employees to make an elective deferral of a portion of their earned compensation to the 457 plan. The District matches a portion of total wages as established by Colorado State Statute. The 457 plan is a multi-employer plan administered by FPPA. The 457 plan trustee may amend the 457 plan. For the year ended December 31, 2024, the District made contributions of \$15,522 to the 457 plan.

Statewide Death and Disability Plan

Death and disability benefits are provided by the District under the Statewide Death and Disability Plan (SD&D Plan), which is administered by FPPA. SD&D benefits and obligations to contribute are established by FPPA, and may be amended by Colorado State Statute. The plan is a multi-employer, cost sharing plan that is primarily funded by the State of Colorado for firefighters hired prior to January 1, 1997. The percentage contribution amount varies depending on actuarial experience. The plan solely provides death and disability payments to eligible participants. In 2024, the District contributed \$21,942 to the plan.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 - COMMITMENTS

During 2024, the District entered into an agreement for the purchase of a fire apparatus for \$225,000 and a tanker with freightliner chassis for approximately \$456,000. Delivery of the Fire Apparatus and tanker are expected by May 15, 2025 and 575 days after contract approval, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

TIMBERLINE FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>				
Property taxes	\$ 1,652,862	\$ 1,646,073	\$ 1,646,073	\$ -
Specific ownership taxes	72,200	106,388	106,388	-
Charges for services	53,596	206,234	227,587	21,353
Impact fees	46,540	53,521	53,521	-
Rental income	75,684	68,543	68,543	-
Investment earnings	20,000	38,512	38,512	-
Contributions and grants	201,000	437,991	437,991	-
Other revenue	381,632	107,729	86,375	(21,354)
Total Revenues	<u>2,503,514</u>	<u>2,664,991</u>	<u>2,664,990</u>	<u>(1)</u>
<u>Expenditures</u>				
Current:				
Administration	352,347	392,370	297,600	94,770
Fire fighting	983,329	1,216,875	1,405,808	(188,933)
Pension fund contributions	122,418	124,344	24,781	99,563
Training	25,000	25,411	72,871	(47,460)
Communications	1,000	217	217	-
Repair service	461,621	432,361	462,321	(29,960)
Stations and buildings	172,100	129,790	57,769	72,021
Water fund expenses	-	-	-	-
Lease payments	139,336	139,336	139,336	-
Capital outlay	257,813	530,143	530,143	-
Total Expenditures	<u>2,514,964</u>	<u>2,990,847</u>	<u>2,990,846</u>	<u>1</u>
Excess revenue over (under) expenditures	<u>(11,450)</u>	<u>(325,856)</u>	<u>(325,856)</u>	<u>(314,406)</u>
<u>Other financing sources</u>				
Proceeds from sale of capital assets	-	45,000	45,000	-
Loan proceeds	-	700,000	700,000	-
Insurance proceeds	11,450	13,694	13,694	-
Total other financing sources	<u>11,450</u>	<u>758,694</u>	<u>758,694</u>	<u>-</u>
Net change in fund balances	-	432,838	432,838	(314,406)
Fund balances - beginning			<u>864,188</u>	
Fund balances - ending			<u>\$ 1,297,026</u>	

TIMBERLINE FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
VOLUNTEER PENSION TRUST FUND
LAST 10 FISCAL YEARS*

Measurement period ending December 31,	2023	2022	2021	2020	2019	2018	2017	2016
<u>Total Pension Liability</u>								
Service Cost	\$ 2,300	\$ 4,178	\$ 4,178	\$ 5,872	\$ 5,872	\$ 9,048	\$ 9,048	\$ 16,736
Interest	116,281	120,316	123,208	126,890	129,458	137,847	139,440	119,977
Benefit changes	-	-	-	-	-	-	-	222,964
Differences between actual and expected experience	-	(18,525)	-	(14,448)	-	(30,341)	-	2,491
Changes in assumptions		5,881	-	-	-	68,613	-	65,641
Benefit payments	(168,504)	(168,635)	(168,786)	(171,309)	(172,711)	(171,443)	(168,096)	(161,072)
Net change in total pension liability	(49,923)	(56,785)	(41,400)	(52,995)	(37,381)	13,724	(19,608)	266,737
Total pension liability - beginning	1,742,848	1,799,633	1,841,033	1,894,028	1,931,409	1,917,685	1,937,293	1,670,556
Total pension liability - ending	<u>\$ 1,692,925</u>	<u>\$ 1,742,848</u>	<u>\$ 1,799,633</u>	<u>\$ 1,841,033</u>	<u>\$ 1,894,028</u>	<u>\$ 1,931,409</u>	<u>\$ 1,917,685</u>	<u>\$ 1,937,293</u>
<u>Plan Fiduciary Net Position</u>								
Contributions - employer	\$ 27,910	\$ 19,000	\$ 29,000	\$ 26,500	\$ 15,000	\$ 2,145	\$ 15,300	\$ 15,300
Net investment income	138,156	(141,924)	239,801	199,210	215,956	20,000	230,521	86,515
Benefit payments including refunds of employee contributions	(168,504)	(168,635)	(168,786)	(171,309)	(172,711)	(171,443)	(168,096)	(161,072)
Pension plan administrative expense	(22,244)	(16,315)	(16,630)	(13,397)	(16,230)	(14,627)	(15,078)	(2,872)
State of Colorado discretionary payment	17,100	20,090	33,590	18,000	13,770	-	13,770	16,053
Net change in plan fiduciary net position	(7,582)	(287,784)	116,975	59,004	55,785	(163,925)	76,417	(46,076)
Plan Fiduciary net position - beginning	1,505,430	1,793,214	1,676,239	1,617,235	1,561,450	1,725,375	1,648,958	1,695,034
Plan Fiduciary net position - ending	<u>\$ 1,497,848</u>	<u>\$ 1,505,430</u>	<u>\$ 1,793,214</u>	<u>\$ 1,676,239</u>	<u>\$ 1,617,235</u>	<u>\$ 1,561,450</u>	<u>\$ 1,725,375</u>	<u>\$ 1,648,958</u>
Net pension liability (asset) - ending	\$ 195,077	\$ 237,418	\$ 6,419	\$ 164,794	\$ 276,793	\$ 369,959	\$ 192,310	\$ 288,335
Plan fiduciary net position as a percentage of total pension liability	88.48%	86.38%	99.64%	91.05%	85.39%	80.85%	89.97%	85.12%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*2015 was the first year of implementation, therefore, only available years are shown.

TIMBERLINE FIRE PROTECTION DISTRICT
SCHEDULE OF CONTRIBUTIONS
VOLUNTEER PENSION TRUST FUND
LAST 10 FISCAL YEARS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 41,915	\$ 41,915	\$ 48,346	\$ 48,346	\$ 32,541	\$ 32,541	\$ 32,541	\$ 6,032	\$ 6,032	\$ 15,179
Actual contribution*	<u>24,781</u>	<u>27,910</u>	<u>19,000</u>	<u>44,500</u>	<u>28,770</u>	<u>15,000</u>	<u>20,000</u>	<u>29,070</u>	<u>31,353</u>	<u>31,607</u>
Contribution deficiency (excess)	<u>\$ 17,134</u>	<u>\$ 14,005</u>	<u>\$ 29,346</u>	<u>\$ 3,846</u>	<u>\$ 3,771</u>	<u>\$ 17,541</u>	<u>\$ 12,541</u>	<u>\$ (23,038)</u>	<u>\$ (25,321)</u>	<u>\$ (16,428)</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Does not include the State of Colorado Supplemental Discretionary Payment*

TIMBERLINE FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
STATEWIDE RETIREMENT PLAN
LAST 10 FISCAL YEARS

Fiscal year	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Plan measurement date	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
District's proportion of the net pension liability	0.6470%	0.0565%	0.0401%	0.0399%	0.0300%	0.0321%	0.0201%	0.0115%	0.0173%	0.0237%
District's proportionate share of the net pension liability (asset)	\$ -	\$ 50,167	\$ (217,116)	\$ (86,720)	\$ (16,985)	\$ 40,595	\$ (28,980)	\$ 4,140	\$ (306)	\$ (26,714)
District's covered payroll	\$ 483,007	\$ 344,589	\$ 200,789	\$ 303,363	\$ 153,250	\$ 152,425	\$ 152,425	\$ 152,425	\$ 84,025	\$ 106,450
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.0%	14.6%	(108.1%)	(28.6%)	(11.1%)	26.6%	(19.0%)	2.7%	(0.4%)	(25.1%)
Plan fiduciary net pension as a percentage of the total pension liability	100.0%	97.6%	116.2%	106.7%	101.9%	95.2%	106.3%	98.2%	100.1%	106.8%

TIMBERLINE FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS

	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 50,762	\$ 45,885	\$ 31,013	\$ 17,067	\$ 24,269	\$ 12,260	\$ 12,194	\$ 12,194	\$ 12,194	\$ 6,722
Contributions in relation to the statutorily required contributions	<u>50,762</u>	<u>45,885</u>	<u>31,013</u>	<u>17,067</u>	<u>24,269</u>	<u>12,260</u>	<u>12,194</u>	<u>12,194</u>	<u>12,194</u>	<u>6,722</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 507,620	\$ 483,007	\$ 344,589	\$ 200,789	\$ 303,363	\$ 153,250	\$ 152,425	\$ 152,425	\$ 152,425	\$ 84,025
Contributions as a percentage of covered payroll	10.0%	9.5%	9.0%	8.5%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%