



South Metro Fire Rescue Fire Protection District

June 1, 2026

South Metro Fire Rescue Fire Protection District

Audit Summary

Our Financial Statement Opinions

- We expect to issue unmodified opinions as to whether the financial statements of **South Metro Fire Rescue Fire Protection District** (the District), as of and for the year ended December 31, 2025, are fairly presented, in all material respects.

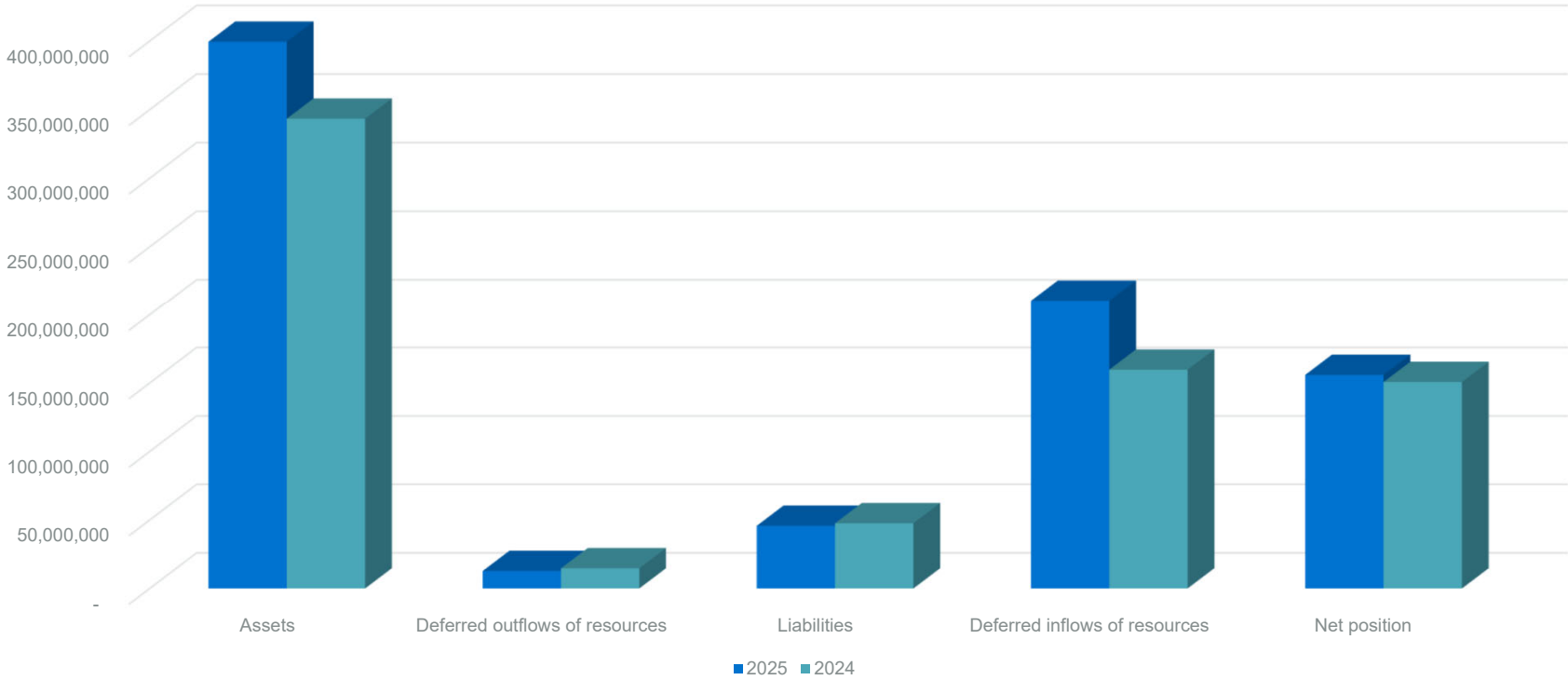
Government Auditing Standards

- We have also issued our report on internal control over financial reporting and on our tests of compliance in accordance with Government Auditing Standards (GAGAS).

Ratios, Trends & Analytics

Statement of Net Position as of December 31

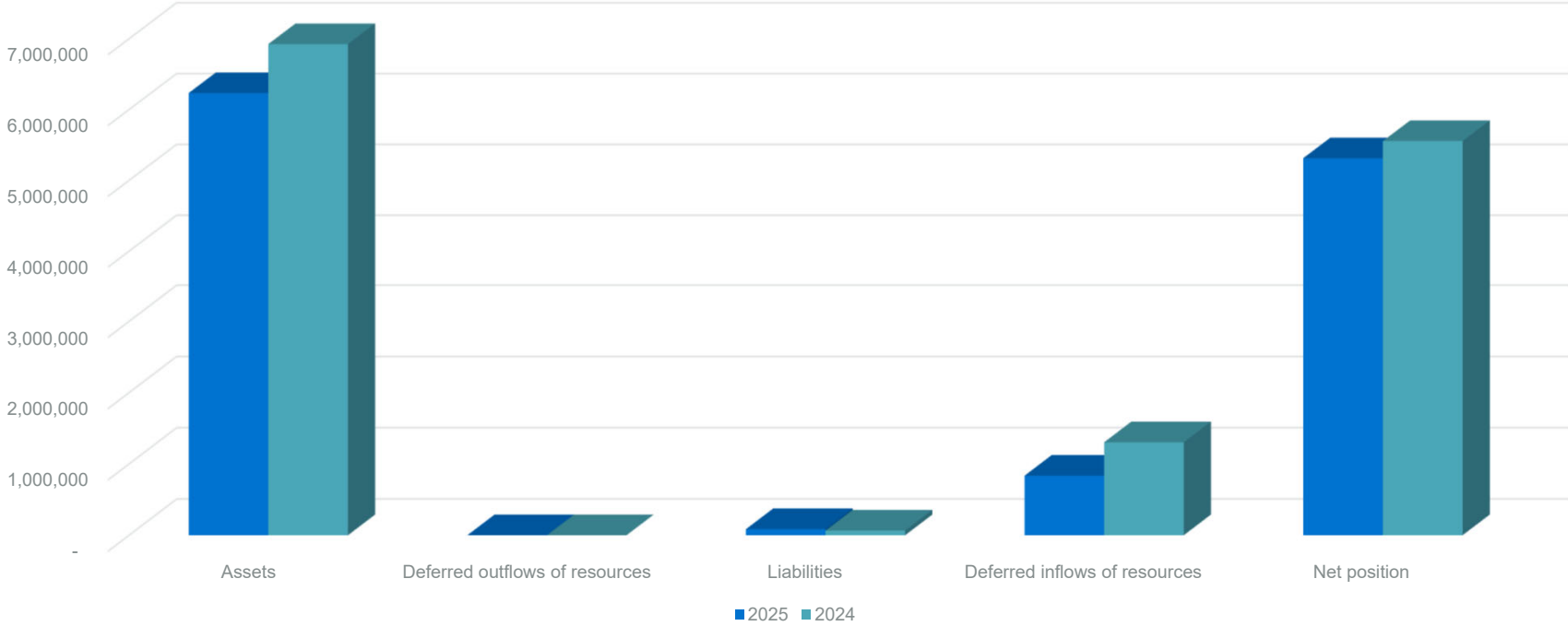
Governmental Activities



Ratios, Trends & Analytics

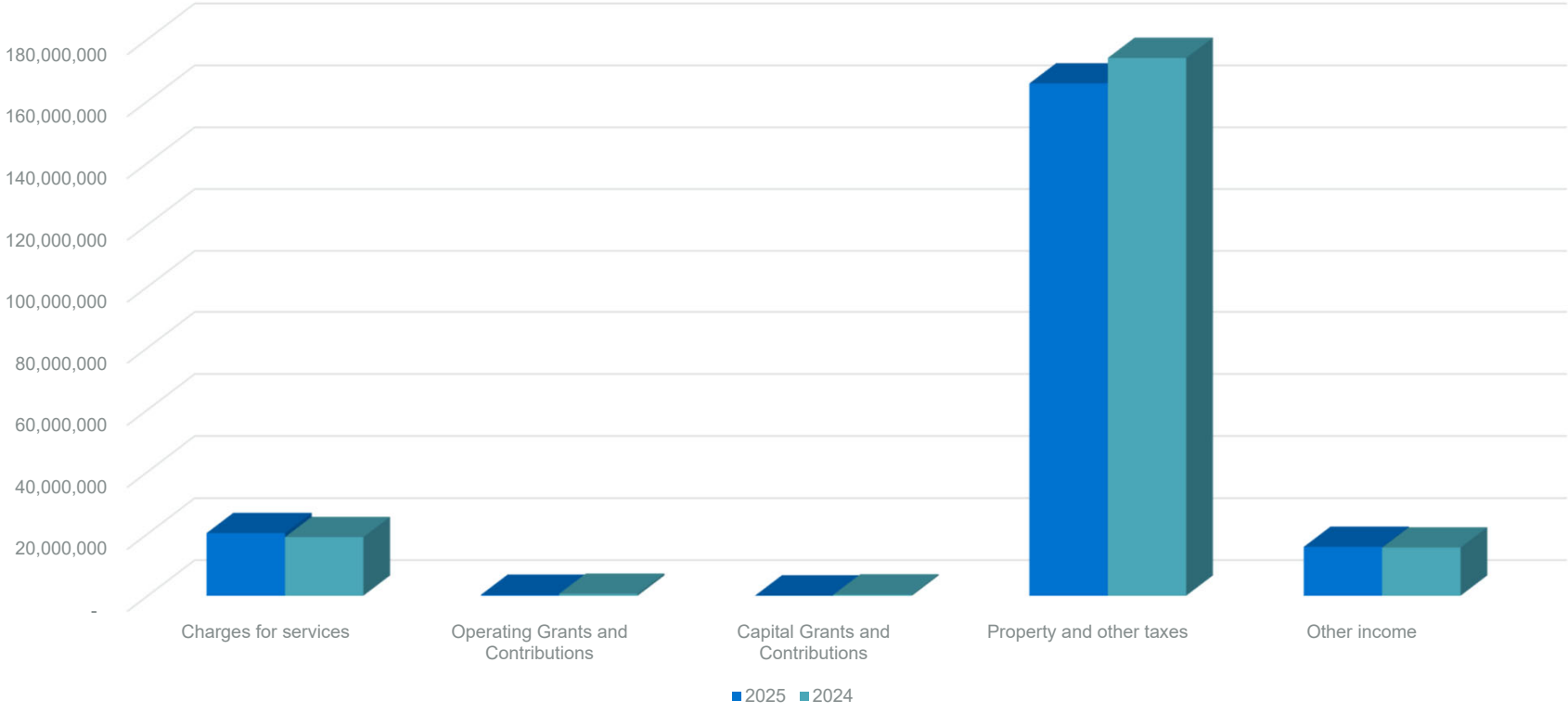
Statement of Net Position as of December 31

Business-Type Activities



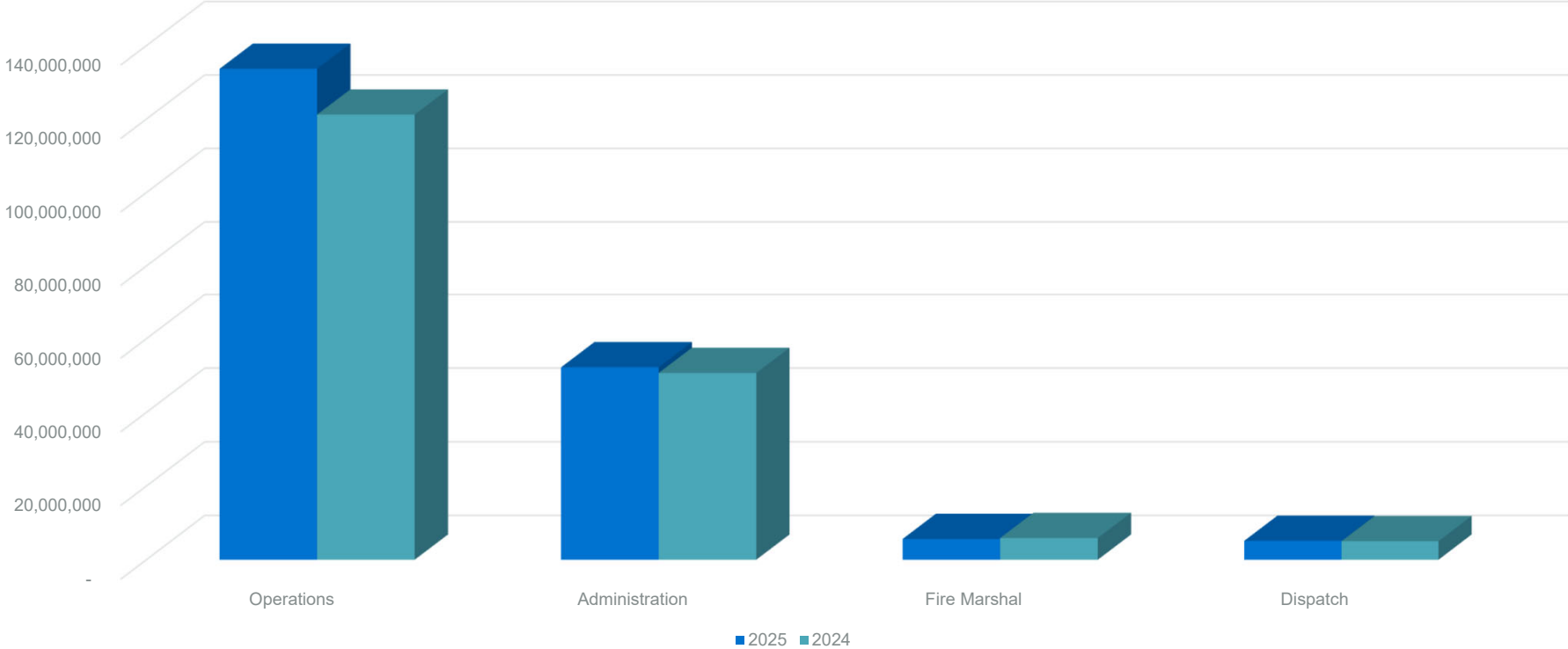
Ratios, Trends & Analytics

Governmental Activities Revenue



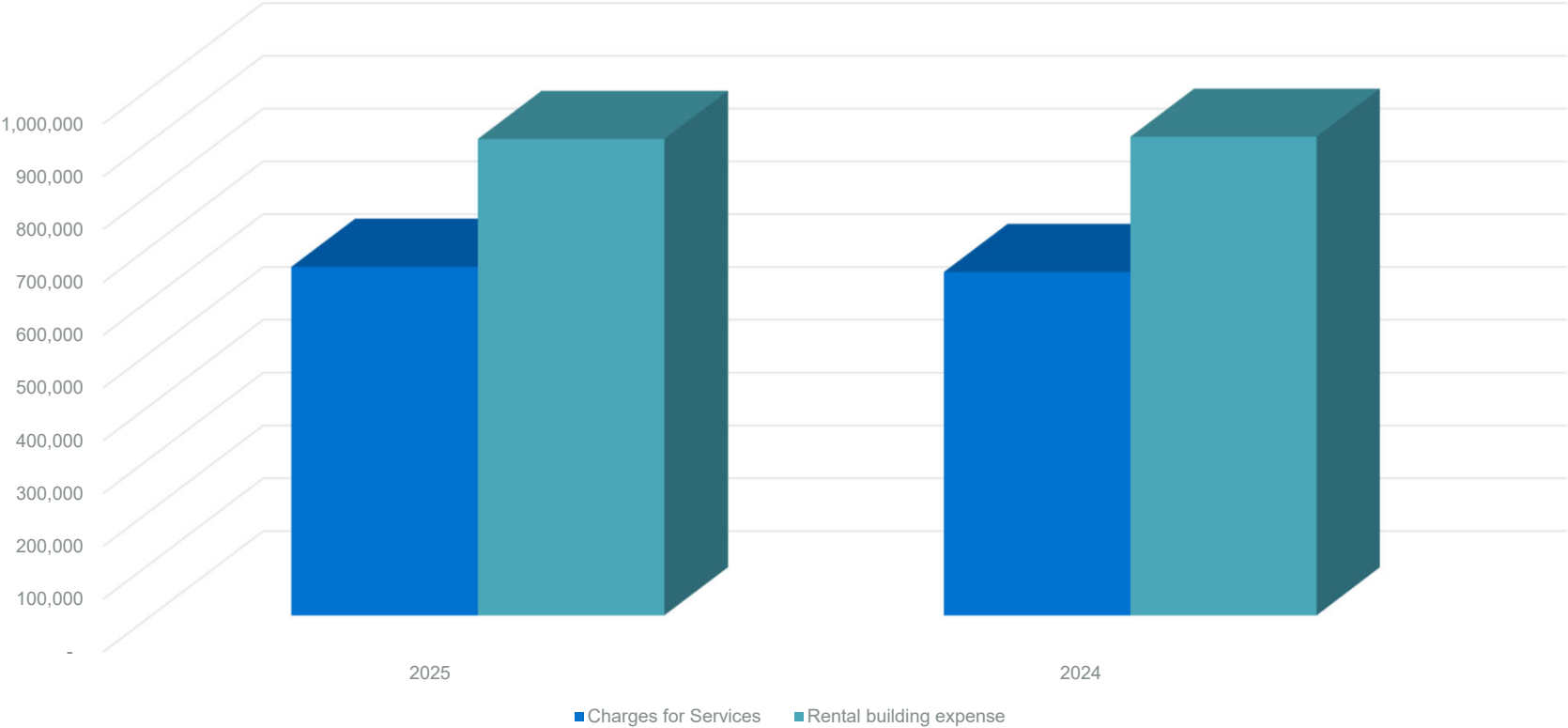
Ratios, Trends & Analytics

Governmental Activity Expenses



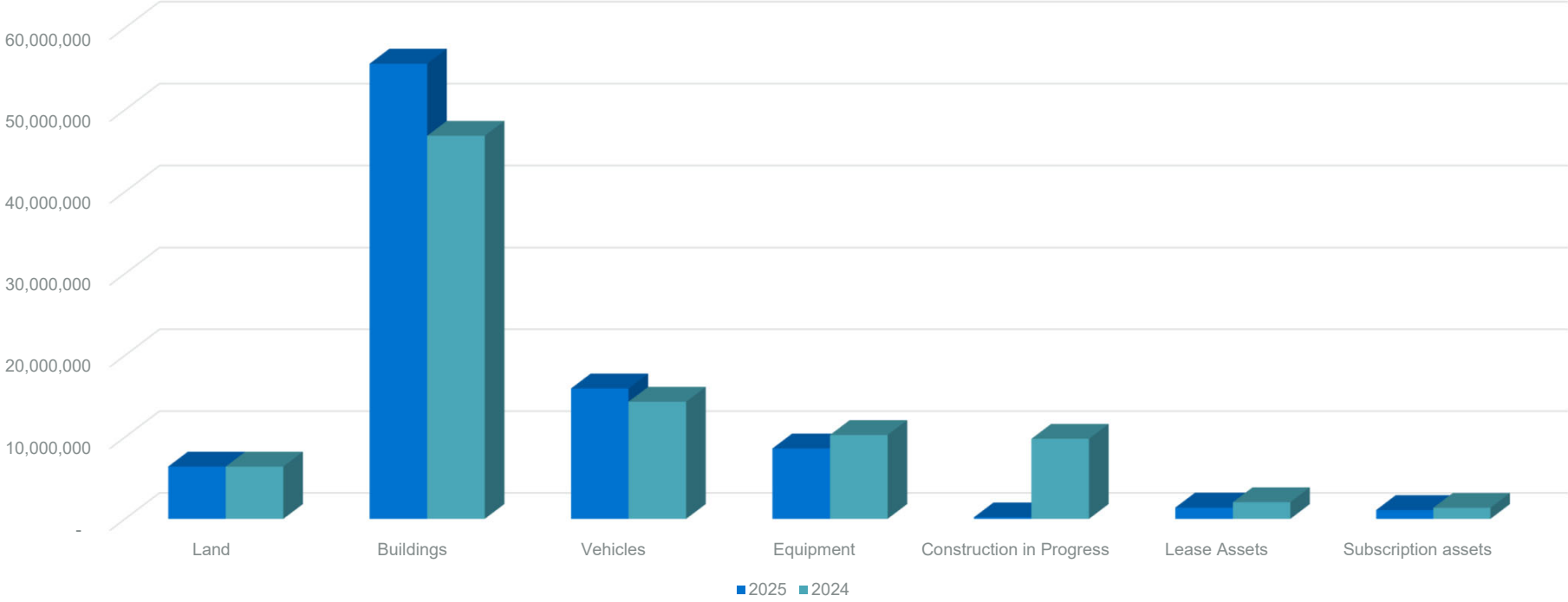
Ratios, Trends & Analytics

Business-Type Activities Revenue and Expenses



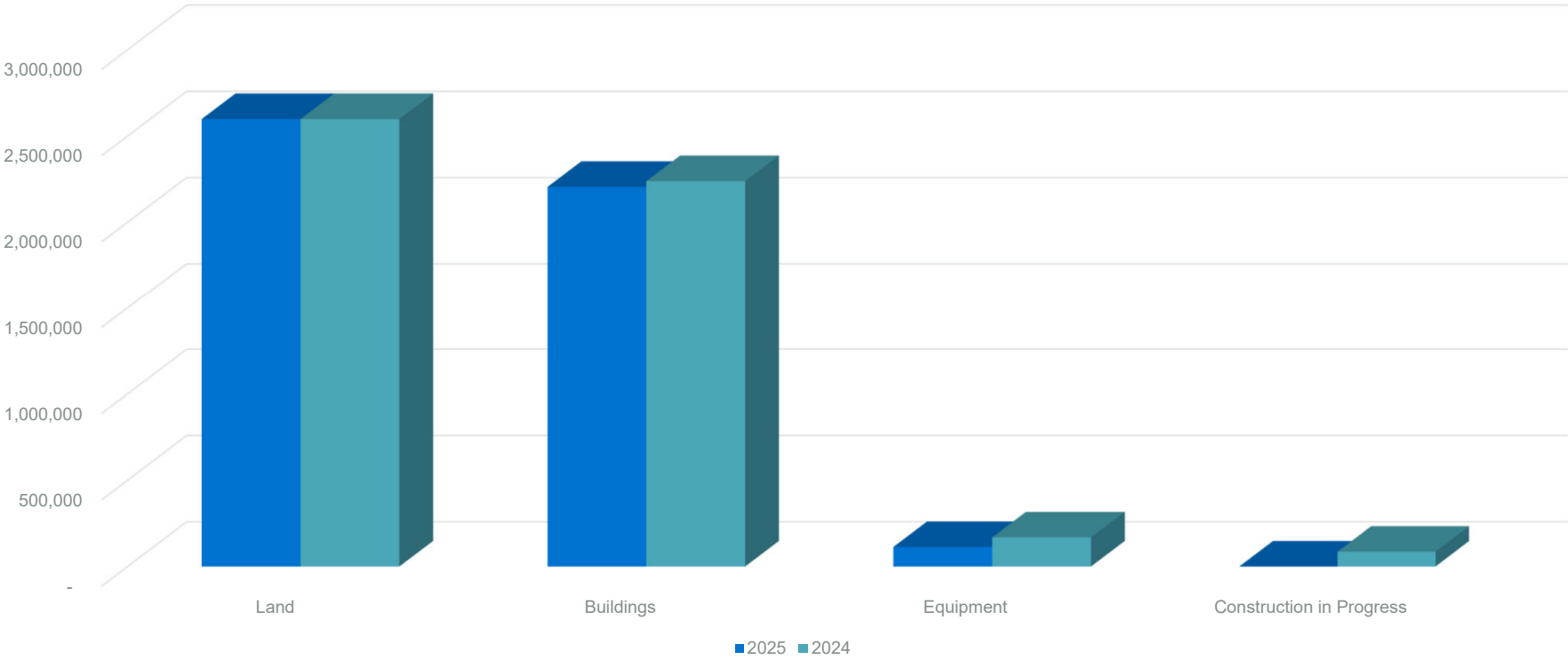
Ratios, Trends & Analytics

Governmental Activity Capital Assets



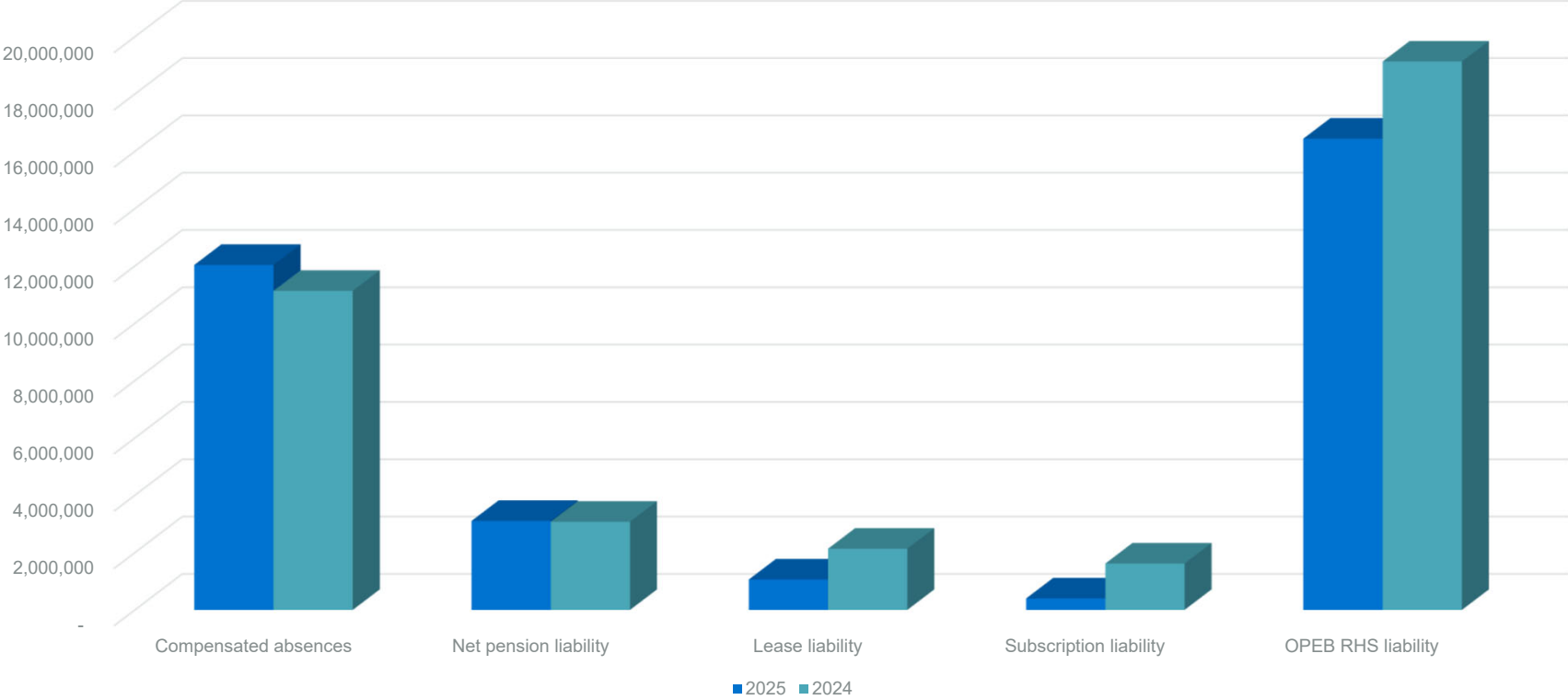
Ratios, Trends & Analytics

Business-Type Activities Capital Assets



Ratios, Trends & Analytics

Governmental Activity Long Term Obligations



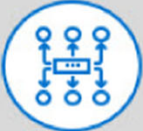
South Metro Fire Rescue Fire Protection District Categorizing Deficiencies by Severity

Financial Statement Results

Categorizing Deficiencies by Severity


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.




Significant Deficiency

A significant deficiency is a deficiency, or 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.



Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material misstatements of the District's financial statements will not be prevented or detected and corrected on a timely basis.



South Metro Fire Rescue Fire Protection District

Financial Statement Results

- **Significant Accounting Policies** - With respect to new accounting standards adopted during the year, we call to your attention the following topics:
 - No matters are reportable
- **Alternative Accounting Treatments** - We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:
 - No matters are reportable

South Metro Fire Rescue Fire Protection District

Financial Statement Results

- **Management Judgments & Accounting Estimates** - Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:
 - Liability for claims incurred but not reported (IBNR)
 - Valuation of investments
 - Defined benefit pension/OPEB plan assumptions and related liabilities, deferred inflows, and deferred outflows
 - Compensated absences liability
 - Valuation of contributed goods and services
- **Financial Statement Disclosures** - The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:
 - Related parties (Note 11)

South Metro Fire Rescue Fire Protection District

Financial Statement Results

Adjustments Identified by Audit

- **Proposed & Recorded Adjustments**

Auditor-proposed and management-recorded entries include the following:

- No matters are reportable

- **Uncorrected Misstatements**

 - ***Current-Period Uncorrected Misstatements***

 - Entry to adjust compensated absences balance for the employer portion of defined contribution plan employer contributions

 - ***Prior-Period Uncorrected Misstatements***

 - Turn around impact of entry to adjust compensated absences balance for the employer portion of defined contribution plan employer contributions

South Metro Fire Rescue Fire Protection District

Financial Statement Results

	Debit (Credit)			
	As Reported	Misstatements	Subsequent to Misstatements	% Change
Total Assets and Deferred Outflows	412,235,465	-	412,235,465	- %
Total Liabilities and Deferred Inflows	(256,330,244)	(322,292)	(256,652,536)	0.13 %
Net Position	155,905,221	322,292	156,227,513	0.21 %
General Revenues & Transfers	(201,915,176)	-	(201,915,176)	- %
Net Program Revenues / Expenses	196,717,015	46,481	196,763,496	0.02 %
Change in Net Position	(5,198,161)	46,481	(5,151,680)	(0.89)%

South Metro Fire Rescue Fire Protection District

Financial Statement Results

Management Letter Comments – Deficiency

System Access

- During our testing, of Admin permissions in Dynamics 365 related to the FY24 system implementation, we identified that one account still had inappropriate levels of access after the system implementation. This access is assigned through separate admin accounts, and they also have a regular account used for transactions within the system. During follow up testing in the FY25 audit, it was determined this access is still active.
- We recommend that highly privileged system administrator access be limited to IT personnel, including the third-party support vendor, for proper segregation of duties. While this access is assigned to business functional users, we would recommend that additional controls be put in place to monitor activity by this administrative account to ensure activity is appropriate.

South Metro Fire Rescue Fire Protection District

Upcoming Standards (FY 2026)

Fiscal Years Beginning After June 15, 2025

Statement	Description
<p>Statement 103 Financial Reporting Model Improvements Issued: May 2024 Resource: GASB Updates the Financial Reporting Model</p>	<p>Statement 103 updates requirements for management's discussion and analysis, unusual and infrequent items, proprietary fund statement, component unit, and budget presentation.</p>
<p>Statement 104 Disclosure of Certain Capital Assets Issued: September 2024 Resource: GASB Statement 104 – New Capital Asset Disclosures</p>	<p>Statement 104 requires capital assets held for sale, intangible assets, lease assets, and subscription assets to be broken out separately in note disclosure.</p>
<p>Statement 105 Subsequent Events Effective Date: Fiscal years beginning after June 15, 2026 Resource: GASB Statement 105 – Subsequent Events</p>	<p>Statement 105 establishes guidance for evaluating and disclosing subsequent events, distinguishing between recognized events (<i>existing at year-end</i>) and <i>nonrecognized events</i> (arising after year-end), with disclosure required for certain <i>nonrecognized events</i>.</p>

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