SACRAMENTO METROPOLITAN FIRE DISTRICT

MEASURE O GENERAL OBLIGATION BONDS
BUILDING FUND

FINANCIAL AND PERFORMANCE AUDITS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2026

SACRAMENTO METROPOLITAN FIRE DISTRICT
MEASURE O GENERAL OBLIGATION BONDS BUILDING FUND
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June 30, 2026

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Financial Audit

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INDEPENDENT AUDITOR'S REPORT

Governing Board and
Measure O Independent Citizens' Oversight Committee
Sacramento Metropolitan Fire District
Mather, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Measure O General Obligation Bonds Building Fund (Measure O Fund) of Sacramento Metropolitan Fire District (Metro Fire), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Measure O Fund'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 Measure O Fund as of June 30, 2026, and the 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Metro Fire 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.

Emphasis-of-Matter

As discussed in Note 1, the financial statements present only the Measure O Fund of Metro Fire and do not purport to, and do not present fairly the financial position of Metro Fire as of June 30, 2026, the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 Measure O Fund'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.

Auditor's 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 auditor's 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 and *Government 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 and *Government 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 Metro Fire'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 Metro Fire'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.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Governing Board and
Measure O Independent Citizens' Oversight Committee
Sacramento Metropolitan Fire District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2026, on our consideration of Metro Fire's Measure O Fund internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Metro Fire's Measure O Fund internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metro Fire's internal control over financial reporting and compliance.

Richardson & Company, LLP

October 7, 2026

Sacramento Metropolitan Fire District
Measure O General Obligation Bonds Building Fund
Balance Sheet
June 30, 2026

ASSETS	
Cash and investments	$ 136,269,808
Interest receivable	2,747,087
Due from other funds	1,494
Prepaid costs	19,234,993
Total Assets	$ 158,253,382
LIABILITIES	
Accounts payable and accrued expenditures	$ 446,209
FUND BALANCES	
Nonspendable	19,234,993
Restricted for capital projects	138,572,180
Total Fund Balance	157,807,173
Total Liabilities and Fund Balance	$ 158,253,382

Sacramento Metropolitan Fire District
Measure O General Obligation Bonds Building Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2026

REVENUES	
Investment income	$ 7,740,296
EXPENDITURES	
Services and other expenditures	1,068,628
Capital outlay	7,922,799
Total Expenditures	8,991,427
Deficiency of Revenues Under Expenditures	(1,251,131)
OTHER FINANCING SOURCES (USES):	
Issuance of general obligation bonds	160,000,000
Transfers out	(941,696)
Total Other Financing Sources (Uses)	159,058,304
Net Change in Fund Balance	157,807,173
Fund Balance, Beginning of the Year	-
Fund Balance, End of the Year	$ 157,807,173

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sacramento Metropolitan Fire District's ("Metro Fire") Measure O General Obligation Bonds Building Fund have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

A. Financial Reporting Entity

The financial statements include only the General Obligation Bonds Building Fund of Metro Fire used to account for Measure O projects. This Fund was established to account for expenditures of general obligation bonds issued under General Obligation Bonds Election of 2024. The authorized issuance amount is $415,000,000. Through June 30, 2026, bonds totaling $160,000,000 have been issued.

These financial statements are not intended to present fairly the financial position and results of operations of Metro Fire in compliance with accounting principles generally accepted in the United States of America.

B. Fund Accounting

The operations of the General Obligation Bond Building Fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent.

C. Basis of Accounting and Presentation

Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless of the measurement focus applied.

The General Obligation Bond Building Fund is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 90 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

D. Budgetary Principles

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. As required by the laws of the State of California, preliminary and final budgets are adopted on or before June 30 and October 1 of each fiscal year, respectively. Significant operating changes are addressed by the Board of Directors through a mid-year Budget amendment typically adopted in March or earlier if necessary. The appropriated budget is prepared by fund, division, and object level.

E. Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid, and all outstanding encumbrances lapse at June 30.

F. Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including money market mutual funds. Investments are reported at fair value.

G. Prepaid Costs

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in the fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased. Prepaid costs offset nonspendable fund balance to indicate that they do not constitute resources available for future appropriation.

In the current fiscal year, the entire prepaid balance relates to advance payments for a large order of fire apparatus with long lead times.

H. Restricted Fund Balance

Restricted fund balance includes amounts subject to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Building Fund's fund balance is restricted for capital projects in accordance with Measure O and the Bond Project List.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

It is the policy of Metro Fire to invest its funds in a manner designed to provide the highest investment return with the maximum security while meeting the daily cash flow demands of Metro Fire, and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are safety, liquidity, and yield.

At June 30, 2026, cash and investments consisted of the following:

U.S. Treasury Securities	$ 85,728,847
U.S. Government-sponsored Enterprise Obligations	49,918,200
Sacramento County Pooled Investment Fund	622,761
Total Cash and Investments	$ 136,269,808

A. Deposit and Investment Policies

The District's investment policy follows State code to limit its credit, interest rate, and concentration of credit risks. California Government Code §53601 reduces credit risk by limiting investments in commercial paper to "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations, and limits investments in medium-term notes to a rating of A or better. Individual securities must be backed by the federal government or rated AAA, AA, or A by Standard & Poor's or Aaa, Aa, or A by Moody's indices. §53601 reduces interest rate risk by limiting investments to maturities of five years, unless the District Board has granted express authority to make a longer-term investment at least three months before the investment is made.

B. External Investment Pool

At June 30, 2026, investments in the Sacramento County Pooled Investment Fund amounted to $622,761, which is stated at fair value. The fund is managed by the Sacramento County Department of Finance. The value of pooled shares that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of Metro Fire's position in the pool.

As an external investment pool, the fund is not rated by a nationally recognized statistical rating organization. The fund's investment policy prioritizes safety of principal, liquidity, and public trust, while investing in instruments authorized by the California Government Code. The fund is not a 2a7-like pool, and as such, interest rate risk must be disclosed. As of June 30, 2026, the fund had a weighted average maturity of 321 days. A longer weighted average maturity indicates a higher degree of interest rate risk.

The fund's investment policy states that requests to withdraw funds for purposes other than normal cash flow, such as for external investing, are subject to the consent of the Sacramento County Director of Finance and may be subject to a 30-day advance notice requirement. The fund is overseen by the Sacramento County Treasury Oversight Committee, which reviews the investment policy and investment portfolio quarterly and causes an annual audit of the pool.

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the investments to market fluctuations is provided in the following table that shows the distribution of its investments by maturity as of year-end:

		Investment Maturities		
Type of Investment	Total	< 1 year	1-5 years	6-10 years
U.S. Treasury Securities	$ 85,728,847	$ 85,728,847	$ -	$ -
U.S. Gov't-sponsored Enterprise Obligations	49,918,200	-	49,918,200	-
Sacramento County Pooled Investment Fund	622,761	622,761	-	-
Total	$136,269,808	$ 86,351,608	$ 49,918,200	$ -

D. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the instrument. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Building Fund is permitted to hold investments of issuers with minimum short-term ratings of A-1 and P-1 and minimum long-term ratings of A and A2 from Standard & Poor's and Moody's, respectively. Presented below are the actual ratings as of year-end for each investment:

		Ratings as of Year End		
Type of Investment	Total	AAA/Aaa	AA+/Aa1	Unrated
U.S. Treasury Securities	$ 85,728,847	$ -	$ 85,728,847	$ -
U.S. Gov't-sponsored Enterprise Obligations	49,918,200		49,918,200	
Sacramento County Pooled Investment Fund	622,761	-	-	622,761
Total	$136,269,808	$ -	$135,647,047	$ 622,761

E. Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by an investment in a single issuer. Metro Fire's investment policy limits the amount of the portfolio that can be invested in any one investment vehicle to no more than 10% of the portfolio, except for investments in the Sacramento County Pooled Investment Fund and in U.S. Treasury and Agency obligations. In accordance with GASB 40, *Deposit and Investment Risk Disclosures*, investments in any one issuer (other than those issued or explicitly guaranteed by the U.S. government, mutual funds, and other pooled investments) that represented 5% or more of investments must be disclosed.

At June 30, 2026, the Building Fund held $49,918,200 in Federal Farm Credit Bank obligations, representing approximately 37% of the Building Fund's total investments. These securities are obligations of a U.S. government-sponsored enterprise and are not explicitly guaranteed by the U.S. government.

F. Custodial Credit Risk

Custodial risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. At June 30, 2026, the Building Fund did not maintain cash deposits in a banking institution.

G. Fair Value Measurements

All investments are reported in the balance sheet at fair value. Metro Fire categorizes its fair value measurements using the hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset as follows:

- Level 1: Quoted prices in active markets for identical investments,
- Level 2: Significant observable inputs other than those included in Level 1, and
- Level 3: Significant unobservable inputs.

The Building Fund had the following fair value measurements as of year-end:

		Fair Value Measurements Using		
	Amount	Quoted Prices in Active Markets for Identical assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
U.S. Treasury Securities	$ 85,728,847	$ -	$ 85,728,847	$ -
U.S. Gov't-sponsored Enterprise Obligations	49,918,200		49,918,200	
Investments not subject to fair value hierarchy - External Investment Pools	622,761			
Total investments measured at fair value	$ 136,269,808			

NOTE 3 – PURPOSE OF BOND ISSUANCE

A. Bond Authorization

The Measure O General Obligation Bonds were authorized at an election of registered voters held on November 5, 2024, at which more than two-thirds of the persons voting on the measure voted to authorize the issuance and sale of $415,000,000 principal amount of general obligation bonds of Metro Fire. The Bonds represent an obligation of Metro Fire payable solely from ad valorem property taxes levied and collected by Sacramento and Placer Counties within Metro Fire. The Boards of Supervisors of Sacramento and Placer Counties have the power and are obligated to annually levy ad valorem taxes for the payment of interest on, and principal of, the bonds upon all property subject to taxation in the jurisdiction of Metro Fire.

B. Purpose of Bonds

The purpose of the bonds is to maintain 911 fire and emergency medical response times, attract and retain qualified professional firefighters/paramedics, support local fire protection, and prevent firefighter exposure to cancer-causing air pollution by upgrading outdated, deteriorating lifesaving equipment, engines, and stations.

Proceeds from the sale of bonds authorized by this measure shall be used only for the construction, expansion, reconstruction, rehabilitation, replacement, furnishing, and equipping of fire facilities, the acquisition or lease of real property for fire facilities, and the acquisition or lease of fire and emergency medical vehicles, apparatus, and capital equipment, all as listed on the Bond Project List. Specifically, the Bond Project List includes:

1) fire station construction, expansion, and improvement projects,
2) training facility construction and expansion project, and
3) fire and emergency vehicles, apparatus, and equipment acquisition and replacement projects.

No funds derived from bond sales may be used for general operating expenses, including employee salaries or pensions, or any purpose or project other than those expressly stated in the measure.

NOTE 4 – GENERAL OBLIGATION BOND ISSUANCE

In July 2025, Metro Fire issued general obligation bonds (2025 Series A) in the principal amount of $160 million. The bonds consist primarily of serial bonds maturing annually from 2026 through 2052 with fixed interest rates ranging from 4.00% to 5.25%, and a smaller portion issued as term bonds bearing a fixed interest rate of 4.00% with a final maturity date of August 1, 2055.

NOTE 5 – INTERFUND TRANSACTIONS

Prior to the issuance of the Measure O bonds, eligible capital expenditures were incurred in Metro Fire's Capital Facilities Fund in the prior fiscal year. A reimbursement resolution was passed in accordance with Treasury Regulation §1.150-2 to reimburse the Capital Facilities Fund once Measure O bonds were issued. Upon the issuance of the bonds in the current fiscal year, an interfund transfer was made to the Capital Facilities Fund during the year in the amount of $941,696.

As of June 30, 2026, the Measure O Building Fund has an interfund receivable of $1,494 due from the General Fund. Interfund receivables and payables are paid and cleared in the subsequent period.

NOTE 6 – COMMITMENTS

At year-end, the Measure O Building Fund had the following commitments with respect to unfinished projects:

Project Type	Remaining Commitment
Fire and Emergency Vehicles, Apparatus, and Equipment	
Ambulance Replacement	$ 7,637,510
Type III Engine Replacement	6,294,126
Type I Engine Replacement	5,354,288
Ladder Truck Replacement	4,020,281
Type V Engine Replacement	2,280,275
Water Tender Replacement	1,691,530
Rescue Unit Replacement	1,650,110
Air Unit Replacement	963,368
Squad Vehicle Replacement	799,911
Decon Van Acquisition	288
Dozer Tender Replacement	193
Total Fire and Emergency Vehicles, Apparatus, and Equipment	30,691,880
Fire Station Construction, Expansion, and Improvement	
Station 61 Expansion	890,756
Station 23 Expansion	876,144
Station 112 Expansion	868,260
Station 42 Relocation	851,029
Multi-Site HVAC Replacement	18,995
Total Fire Station Construction, Expansion, and Improvement	3,505,665
Total Commitments	$ 34,197,064

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Governing Board and
Measure O Independent Citizens' Oversight Committee
Sacramento Metropolitan Fire District
Mather, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure O General Obligation Bonds Building Fund (Measure O Fund) of Sacramento Metropolitan Fire District (Metro Fire), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Metro Fire's basic financial statements, and have issued our report thereon dated October 7, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Metro Fire's Measure O Fund internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro Fire's Measure O Fund internal control. Accordingly, we do not express an opinion on the effectiveness of the Metro Fire's Measure O Fund internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Governing Board and
Measure O Independent Citizens' Oversight Committee
Sacramento Metropolitan Fire District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Metro Fire's Measure O Fund financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Metro Fire's Measure O Fund internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metro Fire's Measure O Fund internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

October 7, 2026

Performance Audit

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INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Governing Board and
Measure O Independent Citizens' Oversight Committee (ICOC)
Sacramento Metropolitan Fire District
Mather, California

We were engaged to conduct a performance audit of the Sacramento Metropolitan Fire District (Metro Fire) Measure O General Obligation Bonds Building Fund (Measure O) for the year ended June 30, 2026.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining Metro Fire's compliance with the performance requirements as referred to in Measure O. Management is responsible for Metro Fire's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of Metro Fire's internal control in order to determine if the internal controls were adequate to help ensure Metro Fire's compliance with the requirements of Measure O. Accordingly, we do not express an opinion on the effectiveness of Metro Fire's internal control.

The results of our tests indicated that Metro Fire expended Measure O funds only for the specific projects approved by the voters, in accordance with Measure O.

Richardson & Company, LLP

October 7, 2026

AUTHORITY FOR ISSUANCE

The general obligation bonds associated with Measure O were issued pursuant to the Constitution and laws of the State of California (the State) and the Health and Safety Code. The bonds are authorized to be issued by a resolution adopted by the Board of Directors of Metro Fire on May 22, 2025 (the Resolution).

The District received authorization at an election held on November 5, 2024, to issue bonds of Metro Fire in an aggregate principal amount not to exceed $415,000,000 to finance construction, expansion, reconstruction, rehabilitation, replacement, furnishing, and equipping of fire facilities, the acquisition or lease of real property for fire facilities, and the acquisition or lease of fire and emergency medical vehicles, apparatus, and capital equipment. The bonds represent the first series of the authorized bonds to be issued under Measure O.

PURPOSE OF ISSUANCE

The proceeds from the issuance and sale of the general obligation bonds can only be used for the construction, expansion, reconstruction, rehabilitation, replacement, acquisition, lease, furnishing, and equipping of fire facilities, emergency medical vehicles, apparatus, and capital equipment of Metro Fire. Measure O lists the specific projects Metro Fire intends to finance by the proposed bond sales.

No funds derived from bond sales can be used for general operating expenses, including employee salaries or pensions, or any purpose or project other than those expressly stated in the Measure.

AUTHORITY FOR THE AUDIT

Measure O requires the following accountability measures:

a) The specific purpose of the Bonds is to finance the Projects on the Bond Project List.

b) The proceeds from the sale of the Bonds will be used only for the purposes specified in this Measure O, and not for any other purpose;

c) The proceeds of the Bonds will be deposited into an account to be created and held by Metro Fire;

d) The Fire Chief of Metro Fire will file an annual report with the Board which report shall contain pertinent information regarding the amount of funds collected and expended, as well as the status of the Projects;

e) All expenditures will be subject to oversight by an independent oversight committee, composed of individuals appointed by the Board, to confirm that Bond expenditures are consistent with the intent of Measure O; and

f) All expenditures also will be subject to an annual independent financial audit to confirm that Bond expenditures are consistent with the intent of Measure O.

OBJECTIVE OF THE AUDIT

Determine whether expenditures charged to the Building Fund have been made in accordance with the Bond Project List approved by the voters through the approval of Measure O and that Metro Fire satisfied the accountability measures.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2025 to June 30, 2026. The population of expenditures tested included all expenditures recorded in the Bond Fund that were financed by the bond proceeds. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources of Metro Fire, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2026, were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by Metro Fire for the period July 1, 2025 to June 30, 2026, for the Building Fund (Measure O). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Measure O as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2025 and ending June 30, 2026, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the Bond Project List.

2. Our sample included transactions totaling $5,661,050, which represents 71 percent of the total project expenditures of $7,922,799. We also examined all of the invoices for debt issuance costs totaling $1,068,628 and all of the invoices that make up prepaid costs totaling $19,234,993.

3. Based on our testing, we verified funds from the Building Fund (Measure O) were expended for the construction, expansion, reconstruction, rehabilitation, replacement, furnishing, and equipping of fire facilities, the acquisition or lease of real property for fire facilities, and the acquisition or lease of the fire and emergency medical vehicles, apparatus, and capital equipment, as listed on the Bond Project List. We determined that Measure O bond proceeds were not used for prohibited expenditures, including general operating expenses, employee salaries or pensions, or any purpose or project other than those expressly authorized in Measure O.

4. We determined that reimbursements from Measure O bond proceeds were made only for eligible project expenditures previously advanced by Metro Fire from the General Fund or other Metro Fire funds or accounts prior to the receipt of bond proceeds.

5. We determined that Measure O expenditures will be subject to oversight by the Independent Citizens' Oversight Committee (ICOC) to confirm that expenditures were consistent with the intent of Measure O. The ICOC was formed in September 2026 and will review fiscal year 2025/26 Measure O expenditures in November 2026.

6. We determined whether the Fire Chief filed an annual report with the Board containing pertinent information regarding the amount of Measure O funds collected and expended and the status of projects. This annual report will be filed at the November 2026 Board meeting.

7. We determined that Measure O expenditures were subject to annual independent financial and performance audits to confirm that bond expenditures were consistent with the intent of Measure O.

8. We determined that Measure O bond proceeds were used locally and only for the construction, expansion, acquisition, upgrade, and modernization of fire stations, facilities, vehicles, equipment, and real property serving Metro Fire's communities, and that bond funds were retained by Metro Fire and not transferred or seized by the State or other governmental agencies.

9. We determined that the interest rate on the Measure O bonds did not exceed 12 percent per annum, or the maximum rate permitted by applicable law.

CONCLUSION

The results of our tests indicated that, in all significant respects, Metro Fire has properly accounted for the expenditures held in the Building Fund (Measure O) and that such expenditures were made for authorized Bond projects. We also determined that Metro Fire complied with the provisions of Measure O.