



Financial and Performance Audits  
2018 Measure CC Fund  
June 30, 2021

# Fremont Union High School District

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Financial Audit  
2018 Measure CC Fund  
June 30, 2021

# Fremont Union High School District



## Independent Auditor's Report

Governing Board and  
Citizens' Oversight Committee  
Fremont Union High School District  
Sunnyvale, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Fremont Union High School District's (the "District"), 2018 Measure CC Fund (the "Fund"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of 2018 Measure CC Fund of Fremont Union High School District as of June 30, 2021, 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.

**Emphasis of Matter**

As discussed in Note 1, the financial statements of the Building Fund specific to 2018 Measure CC are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2021, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matters**

Management has omitted the management, 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021 on our consideration of the Fund's 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 the Fund's 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 the Fund's internal control over financial reporting and compliance.



Menlo Park, California  
November 30, 2021

Fremont Union High School District  
2018 Measure CC Fund  
Balance Sheet  
June 30, 2021

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Assets	
Deposits and investments	\$ 146,563,765
Accounts receivable	157,186
Due from other funds	<u>1,469,789</u>
Total assets	<u><u>\$ 148,190,740</u></u>
Liabilities and Fund Balance	
Liabilities	
Vendor payable	\$ 7,538,210
Fund Balance	
Restricted for capital projects	<u>140,652,530</u>
Total liabilities and fund balance	<u><u>\$ 148,190,740</u></u>

Fremont Union High School District  
 2018 Measure CC Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Year Ended June 30, 2021

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Revenues	
Interest income	\$ 647,960
Increase in the fair value of investments	<u>33,734</u>
Total revenues	<u>681,694</u>
Expenditures	
Current	
Supplies	11,564
Services and other operating expenditures	645,324
Capital outlay	<u>25,065,130</u>
Total expenditures	<u>25,722,018</u>
Deficiency of Revenues over Expenditures	(25,040,324)
Other Financing Sources	
Proceeds from Bond Issuance	110,000,000
Reimbursement from state sources	<u>10,391,174</u>
Total other financing sources	<u>120,391,174</u>
Net Change in Fund Balance	95,350,850
Fund Balance - Beginning	<u>45,301,680</u>
Fund Balance - Ending	<u><u>\$ 140,652,530</u></u>

## **Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the 2018 Measure CC Fund (the Fund) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

### **Financial Reporting Entity**

The financial statements include only the building Fund specific to 2018 Measure CC of the Fremont Union High School District. This Fund was established to account for the expenditures of general obligation bonds issued under the Measure CC Bond Election of 2018. These financial statements are not intended to present fairly the financial position and results of operations of the Fremont Union High School District as a whole, in compliance with accounting principles generally accepted in the United States of America.

### **Fund Accounting**

The operations of the Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

### **Basis of Accounting**

The 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. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

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. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred.

### **Budgets and Budgetary Accounting**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

### **Encumbrances**

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

### **Fund Balance - 2018 Measure CC Fund**

As of June 30, 2021, the fund balance is classified as restricted.

Restricted fund balance is the amount 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. The fund balance can only be used for construction projects authorized by Measure CC.

### **Spending Order Policy**

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 governing board has provided otherwise in its commitment or assignment actions.

### **Use of Estimates**

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

### **Cash and Investments**

Investments held at June 30, 2021, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Fair values of investments in county investment pools are determined by the program sponsor.

## **Note 2 - Investments**

### **Policies and Practices**

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State: U.S. Treasury instrument; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

### **Investment in County Treasury**

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

### **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 is to changes in market interest rates. The Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Fund manages its exposure to interest rate risk by investing in the Santa Clara County Treasury Investment Pool. The cost and fair value of the investment with the county treasurer at June 30, 2021 was approximately \$146.0 million and \$146.6 million, respectively, with average maturity of 615 days.

### **Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County Pool is not rated as of June 30, 2021.

**Note 3 - Receivables**

Receivables of \$157,186 at June 30, 2021, consisted of the only interest receivable.

**Note 4 - General Long-Term Debt**

Under the modified accrual basis of accounting, liabilities for long-term debt are not reported in the individual funds. However, they are reported as liabilities on the Statement of Net Position in the Government Wide financial statements of the Fremont Union High School District.

The following provides information on the outstanding general obligation bonds:

Issue	Maturity	Interest	Original Issue	Bonds	Issued	Redeemed	Bonds
05/15/19	08/01/46	3.00-5.00%	\$ 47,195,000	\$ 47,195,000	\$ -	\$ 2,117,000	\$ 45,078,000
05/12/21	08/01/41	0.15%-4.00%	80,000,000	-	80,000,000	-	80,000,000
05/12/21	08/01/36	0.15%-4.00%	30,000,000	-	30,000,000	-	30,000,000
Total				<u>\$ 47,195,000</u>	<u>\$ 110,000,000</u>	<u>\$ 2,117,000</u>	<u>\$ 155,078,000</u>

The bonds mature through 2047 as follows:

Fiscal Year	Principal	Interest to	Total
2022	\$ 13,860,000	\$ 3,939,157	\$ 17,799,157
2023	2,260,000	4,830,430	7,090,430
2024	8,477,000	4,712,379	13,189,379
2025	2,662,000	4,569,521	7,231,521
2026	2,945,000	4,470,091	7,415,091
2027-2031	19,753,000	20,151,573	39,904,573
2032-2036	31,384,000	15,028,172	46,412,172
2037-2041	49,613,000	8,087,027	57,700,027
2042-2046	10,030,000	2,021,801	12,051,801
2047	14,094,000	73,367	14,167,367
Total	<u>\$ 155,078,000</u>	<u>\$ 67,883,518</u>	<u>\$ 222,961,518</u>

**Note 5 - Commitments and Contingencies**

**Construction Commitments**

As of June 30, 2021, the District had the following commitments with respect to the unfinished capital projects which are funded by 2018 Measure CC:

Measure CC Projects	Expected Date of Completion	Remaining Construction Commitment
CHS - Classroom Modernization Building 100	08/31/22	\$ 446,950
CHS - Classroom Modernization Building 300	08/31/21	2,705,717
CHS - Classroom Modernization Building 400	08/31/22	419,683
District Site - Maintenance Yard Modernization	12/31/22	1,227,424
District Site - Adult Education and District Office	01/31/22	10,483,194
FHS - Athletic Field Improvements	12/31/22	87,062
FHS - Classroom Modernization Building 70	08/31/22	171,629
FHS - Classroom Modernization Building 80	08/31/22	171,629
FHS - Classroom Modernization Original Building	12/31/21	12,313,768
FHS - New Restroom Building.	12/31/22	80,820
HHS - Classroom Modernization Building A and Sesimc Upgrade	04/30/22	4,933,293
HHS - Classroom Modernization Building B and Seismic Upgrade	04/30/23	18,962,740
LHS - Athletic Field Improvements	01/31/22	5,404,616
LHS - Auditorium Lobby and Promenade Modernization	03/31/22	5,455,125
LHS - New Science Building	07/31/23	1,282,060
MVHS - Classroom Modernization Building D	10/31/21	3,965,476
MVHS - Classroom Modernization Building F	09/30/22	415,517
MVHS - Utility Infrastructure	11/30/21	951,797
Total		<u>\$ 69,478,500</u>



Independent Auditor's Report  
June 30, 2021

# Fremont Union High School District



**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  
Citizens' Oversight Committee  
Fremont Union High School District  
Sunnyvale, 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 accompanying financial statements of the Fremont Union High School District (the "District") 2018 Measure CC Fund (the "Fund"), as of and for the year ended June 30, 2021, and the related notes of the financial statements, and have issued our report thereon dated November 30, 2021.

***Emphasis of Matter***

As discussed in Note 1, the financial statements of the Fund specific to 2018 Measure CC are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2021, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Fund's 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 the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fremont Union High School District's 2018 Measure CC Fund's 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 statement. 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California  
November 30, 2021

None reported.



Performance Audit  
2018 Measure CC Fund  
June 30, 2021

# Fremont Union High School District



## Independent Auditor's Report on Performance

Governing Board and  
Citizens' Oversight Committee  
Fremont Union High School District  
Sunnyvale, California

We were engaged to conduct a performance audit of the Fremont Union High School District (District), 2018 Measure CC Fund (the "Fund") for the year ended June 30, 2021.

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 the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution and Appendix A contained in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* issued by the California Education Audit Appeals Panel. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The results of our tests indicated that the District, in all significant respects, expended 2018 Measure CC fund only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

This report is intended solely for the information and use of the District, and is not intended to be and should not be used by anyone other than this specified party.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California  
November 30, 2021

### **Authority for Issuance**

The general obligation bonds associated with 2018 Measure CC Fund were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law.

The District received authorization at an election held on November 6, 2018, to issue bonds of the District in an aggregate principal amount not to exceed \$275,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. Measure CC required approval by at least 55% of the votes cast by eligible voters within the District (the 2018 Authorization). The funds represent all series of the authorized bonds to be issued under the 2018 Authorization.

### **Purpose of Issuance**

The net proceeds of the Bonds and any other series of general obligation bonds issued under the Authorization will be used for the purposes specified in the District bond proposition submitted at the election, which include upgrade school safety and security systems; repair leaky roofs and windows, support programs in Science, Technology, English, Arts and Math with 21<sup>st</sup> century infrastructure.

### **Authority for the Audit**

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55% of the electorate. In addition to reducing the approval threshold from two-thirds to 55%, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in Education Code sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The school district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the school district to appoint a citizens' oversight committee.
4. Requires the school district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

**Objectives of the Audit**

1. Determine whether expenditures charged to the Fund have been made in accordance with the bond project list approved by the voters through the approval of 2018 Measure CC.
2. Determine whether salary transactions, charged to the Fund were in support of 2018 Measure CC and not for District general administration or operations.

**Scope of the Audit**

The scope of our performance audit covered the period of July 1, 2020 to June 30, 2021. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2021, were not reviewed or included within the scope of our audit or in this report.

**Financial Summary**

1. The funds were authorized at an election of the registered voters of the District held on November 6, 2018. The bonds were authorized at an issuance of \$275,000,000 for the purpose of financing the upgrade of safety and security of school facilities. The first series of the bonds were issued in May 2019, with a face value of \$55,000,000. The second and third series of the bonds were issued in May 2021, with a face value of \$80,000,000 and \$30,000,000.
2. Total expenditures and commitments through June 30, 2021, were \$106,554,724 since inception.
3. An analysis of expenditures as of June 30, 2021 is as follows:

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>
Expenditures			
Current expenditures			
Salaries and benefits	\$ 6,528	\$ -	\$ 6,528
Supplies	365	11,564	11,929
Services and operating expenditures	213,662	336,559	550,221
Bond issuance costs	-	308,765	308,765
Capital outlay	<u>11,133,651</u>	<u>25,065,130</u>	<u>36,198,781</u>
Total expenditures	<u>\$ 11,354,206</u>	<u>\$ 25,722,018</u>	37,076,224
Contracted commitments as of June 30, 2021			<u>69,478,500</u>
Total expenditures and commitments			<u>\$ 106,554,724</u>

Available unspent funds from the bonds as of June 30, 2021 are:

	Prior Periods	Current Year	Total
<b>Revenues</b>			
Bond proceeds	\$ 55,000,000	\$ 110,000,000	\$ 165,000,000
Reimbursement from state sources	-	10,391,174	10,391,174
Interest income	1,106,597	647,960	1,754,557
Fair market value adjustment	549,289	33,734	583,023
<b>Expenditures</b>	<b>(11,354,206)</b>	<b>(25,722,018)</b>	<b>(37,076,224)</b>
<b>Total</b>	<b>\$ 45,301,680</b>	<b>\$ 95,350,850</b>	<b>140,652,530</b>
Contracted commitments as of June 30, 2021			(69,478,500)
Amount available			<b>\$ 71,174,030</b>

### Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the period July 1, 2020 through June 30, 2021, for the 2018 Measure CC Fund. 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 Article XIII A, Section 1(b)(3)(C) of the California Constitution and 2018 Measure CC as to the approved bond projects list. We performed the following procedures:

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
2. We selected a sample of expenditures using the following criteria:
  - a. We considered all expenditures recorded in all object codes, including transfers out.
  - b. We considered all expenditures recorded in all projects that were funded from July 1, 2020 through June 30, 2021 from the 2018 Measure CC bond proceeds.
  - c. We selected all expenditures that were individually significant expenditures. Individually significant expenditures were identified as individual transactions (expenditures) that exceeded approximately 0.1% of the total expenditures incurred.
  - d. For all items below the individually significant threshold identified in item 2c, judgmentally selected expenditures based on risk assessment and consideration of coverage of all object codes, including transfers out, and projects for period starting July 1, 2020 and ending June 30, 2021.
3. Our sample included non-payroll expenditures totaling \$22,610,045. This represents 88% of the total non-payroll expenditures of \$25,722,018. Our review did not reveal any items that were paid from the 2018 Measure CC General Obligation Bond proceeds that did not comply with the intended use of bond proceeds approved by the voters of the District on November 6, 2018. See Appendix A for a list of expenditures reviewed.

4. We reviewed the actual invoices and other supporting documentation to determine that:
  - a. Expenditures were supported by invoices with evidence of proper approval and documentation of receipting goods or services.
  - b. Expenditures were supported by proper bid documentation, as applicable.
  - c. Expenditures were expended in accordance with voter-approved bond project list.
  - d. Bond proceeds were not used for salaries of school administrators or other operating expenses of the District.
  
5. We determined that the District has met the compliance requirement of 2018 Measure CC if the following conditions were met:
  - a. Supporting documents for expenditures were aligned with the voter-approved bond project list.
  - b. Supporting documents for expenditures were not used for salaries of school administrators or other operating expenses of the Districts.

### **Conclusion**

The results of our tests indicated that, in all significant respects, the Fremont Union High School District has properly accounted for the expenditures held in the 2018 Measure CC Fund and that such expenditures were made for authorized Bond projects in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

Fremont Union High School District  
 Building Fund - 2018 Measure CC General Obligation Bond Resource  
 Appendix A – Nonpayroll Expenditures Reviewed  
 Year Ended June 30, 2021

<u>Date</u>	<u>Reference</u>	<u>Vendor</u>	<u>School Site and Project</u>	<u>Amount</u>
09/24/20	PO-201884	Lathrop Construction	MVHS Building ABC	\$ 3,421,060
06/30/21	EP-100296	Lathrop Construction	MVHS , Building D & Utility	2,001,663
11/13/20	PO-201884	Lathrop Construction	MVHS Building ABC	1,594,334
06/25/21	PO-211274	Blach Construction	CHS B300 Mod	1,497,080
11/13/20	PO-201914	Robert A bothman Inc	CHS Athletic Field	1,388,323
06/23/21	PO-211374	Lathrop Construction	MVHS Building D	1,308,706
06/30/21	EP-100294	Blach Construction	CHS B300 Mod	1,270,377
06/03/21	PO-211274	Blach Construction	CHS B300 Mod	1,082,009
06/30/21	EP-100341	Lathrop Construction	FHS OB & SCntr	954,117
12/16/20	PO-201914	Robert A bothman Inc	CHS Athletic Field	911,941
08/21/20	PO-201674	Blach Construction	CHS B500 Re-Roof/HVAC	838,519
09/24/20	PO-201674	Blach Construction	CHS B500 Re-Roof/HVAC	725,738
12/03/20	PO-201884	Lathrop Construction	MVHS Building ABC	668,816
12/16/20	PO-201884	Lathrop Construction	MVHS Building ABC	535,585
02/19/21	PO-201914	Robert A bothman Inc	CHS Athletic Field	428,674
06/30/21	PO-211194	Robert A bothman Inc	LHS Field Improvement	398,001
08/21/20	PO-201914	Robert A bothman Inc	CHS Athletic Field	369,931
03/24/21	PO-201914	Robert A bothman Inc	LHS Field Improvement	366,463
01/12/21	PO-201914	Robert A bothman Inc	CHS Athletic Field	363,704
11/05/20	PO-201914	Robert A bothman Inc	CHS Athletic Field	357,804
12/10/20	PO-201804	One Workplace	MVHS Building ABC	303,772
01/15/21	PO-200894	McKim Design Group	CHS Building 300	278,741
03/24/21	PO-201914	Robert A bothman Inc	LHS Field Improvement	256,291
06/30/21	EP-100290	Blach Construction	DO and Adult Education Center	253,460
06/25/21	PO-211544	Blach Construction	LHS Theater Lobby	250,803
01/28/21	PO-202244	Derivi Castellanos	MVHS Building D	156,797
10/22/20	PO-202244	Derivi Castellanos	MVHS Building D	128,289
01/28/21	PO-202244	Derivi Castellanos	MVHS Building D	114,035
09/04/20	PO-200694	Derivi Castellanos	MVHS Building ABC	60,996
06/23/21	PO-201024	Quattrocchi kwok Architects	HHS Seismic Upgrades	53,590
06/23/21	PO-192264	Quattrocchi kwok Architects	Adult Education	48,195
06/25/21	PO-211004	Derivi Castellanos	FHS Building 70 & 80	38,798
06/25/21	PO-192264	Quattrocchi kwok Architects	Adult Educationucation and DO	37,868
02/19/21	PO-202244	Derivi Castellanos	MVHS Building D	34,210
05/26/21	PO-202344	Blach Construction	LHS Theater Lobby	32,574
06/23/21	PO-192264	Quattrocchi kwok Architects	Adult Education	27,540
06/30/21	EP-100238	Derivi Castellanos	MVHS Building D	26,228
01/15/21	PO-201024	Quattrocchi kwok Architects	HHS Seismic Upgrades	25,015
			<b>Amount Tested</b>	<b>\$ 22,610,045</b>
			<b>Non Payroll Expenditures</b>	<b>\$ 25,722,018</b>
			<b>Percent Tested</b>	<b>88%</b>