FREMONT UNION
HIGH SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2016

FREMONT UNION HIGH SCHOOL DISTRICT

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Fremont Union High School District
Sunnyvale, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fremont Union High School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic 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 opinions 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; and the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the financial statements, whether due to fraud or error. 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2016, the District adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application;* GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68;* GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments;* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary, as listed in the table of contents, such as management's discussion and analysis, budgetary comparison, schedule of other postemployment benefits funding progress, schedule of the district's proportionate share of net pension liability, and the schedule of district pension contributions, be presented to supplement the basic financial statements. Such 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. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, as listed in table of contents, such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2016, on our consideration of the District'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 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 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 District's internal control over financial reporting and compliance.

Vavrinek Trine Day + Co. LLP

Palo Alto, California
December 5, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

This section of Fremont Union High School District's (FUHSD) annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the District's financial statements, which immediately follow this section. Comparative analyses are presented in the tables that follow:

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Fremont Union High School District (the District) using the integrated approach as prescribed by GASB Statement Number 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting and include the governmental activities. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The financial statements also include notes that explain some of the information in the statements and provide detailed data. The statements are followed by a section of required supplementary budget information that further explains and supports the financial statements.

The Primary unit of the government is the Fremont Union High School District.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

The economy has improved. Much of the state's education policy now revolves around the Local Control Funding Formula (LCFF) and the Local Control Accountability Plan (LCAP).

The District continues to rely upon the $5.2 million received annually from the parcel tax that was originally approved by the voters in November 2004. In May of 2010, District voters renewed the parcel tax for a period of six years. The Parcel Tax was again renewed on November 4, 2014 for an additional six years, commencing July 1, 2016. In accordance with the ballot language, the funds are used to preserve core academic classes and retain experienced teachers. The District has been careful to track the particular programs funded through parcel tax revenues. Exemptions are offered to senior citizens and disabled.

On November 4, 2014 voters also approved a Proposition 39 bond known as Measure K. In April, the District issued the first series of bonds under the 2014 Measure K bond authorization. The par amount of the Series 2015 bonds was $100,000,000. In June 2015, the District issued refunding bonds to refund all of the outstanding 2005 General Obligation Refunding Bonds, a portion of the outstanding General Obligation Bonds, Election of 2008, Series 2008, and a portion of the outstanding General Obligation Bonds, Election of 2008, Series 2011B. The refunding generated approximately $5.6 million in present value savings (or 3.2% of refunded bond par amount) and converted all of the District's callable capital appreciation bonds (CABs) to traditional current interest bonds. The par amount of the 2015 GO Refunding was $156,115,000.

The Series 2015 and 2015 GO Refunding Bonds were both issued as tax-exempt bonds. The tax-exempt status of the bonds allows the District to borrow at lower rates (compared to similar taxable bonds).

As required by the Education Code of the State and the 2008 Measure B and 2014 Measure K bond authorizations, the District has established a Citizens' Oversight Committee to review the District's expenditure of bond proceeds and its progress in completing the projects specified in the measure, and to make periodic reports to the public in order to ensure that bond funds are spent only for authorized purposes. At their January 20, 2015 meeting, the Board combined the Measure B and Measure K oversight committees and incorporated responsibility for oversight of the 2014 Measure J parcel tax into one committee named "Fremont Union High School District's Bond and Parcel Tax Citizens' Oversight Committee". The committee is comprised of community members representing the business community within the District, senior citizens organization, taxpayers organization, parent or guardian of a child enrolled in the District, parent or guardian of a child enrolled in the District who is active in a parent-teacher organization and the public at large. Members are appointed for two year terms.

The District's residency verification program continued in 2015-16 as the District remains committed to this effort. The program now contains a full time investigator and two part time investigators along with a manager and clerical support positions. Enrollment continues to escalate, topping 10 thousand this year, making the residency efforts even more important. Though all of our schools have seen increases the greatest impact has been at Cupertino, Homestead and Fremont High Schools. Each of these schools are projected to have enrollment of over 2,500 in the next six years.

The relationship between all of our bargaining groups continues to be collaborative and positive. This includes our Classified Union – CSEA, our Certificated Union – FEA, and our newest bargaining group AFT which represents our Adult and Community Education employees.

2015-16 marked the fourth consecutive year that each bargaining group participating in the Revenue Sharing Process saw positive returns.

Moody's upgraded the District's bond rating from Aa1 to Aaa. The upgrade reflects continued growth of the District's exceptionally large Silicon Valley tax base, strengthened residence wealth measures, and steady improvement in the district's financial position, resulting in robust reserves and healthy liquidity that are comparable to state and national medians for the rating category.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in it. Net position is the difference between assets and liabilities, and is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is shown in the District's operating results. Since the Board's responsibility is to provide services to students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of education and the safety of our schools will be important components in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we include the District activities as follows:

Governmental activities - All of the District's services are reported in this category. This includes the education of kindergarten through twelfth grade students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, Federal, state, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. and California Departments of Education.

Governmental funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences in results between the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Fund Net Position*. We use internal service funds (a type of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities - such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, such as the funds for associated student body activities. The District's fiduciary activities are reported in the *Statements of Fiduciary Net Position*.

These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $58.19 million for the fiscal year ended June 30, 2016. Of this amount, $86.40 million deficit was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use the net position for day-to-day operations. The analysis below focuses on net position (Table 1) and the change in net position (Table 2) of the District's governmental activities.

TABLE 1

(Amounts in millions)	**2015**	**2016**	**CHANGE**
Current and other assets	$ 199.54	$ 210.54	$ 11.00
Capital assets	366.56	370.56	4.00
Total Assets	566.10	581.10	15.00
Deferred outflow or resources	10.31	23.96	13.65
Current liabilities	11.38	12.10	0.72
Long-term liabilities	506.82	523.95	17.13
Total Liabilities	518.20	536.05	17.85
Deferred inflow or resources	24.68	10.82	(13.86)
Net Position			
Net investment in capital assets	95.12	102.00	6.88
Restricted	31.13	42.59	11.46
Unrestricted: excluding pension activities	15.38	21.66	6.28
Unrestricted: related to pension activities	(108.10)	(108.06)	0.04
Total Net Position	$ 33.53	$ 58.19	$ 24.62

The $21.66 million and negative $108.06 million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. It means that if the District had to pay off all of its bills today including all of its non-capital liabilities (compensated absences and pension liability as examples), there would be $55.19 million in deficit. The total unrestricted deficit amount of $86.40 million is the result of adaption of GASB statement No. 68, *Accounting and Financial Reporting for Pension*, by the District in the current year. Though listed as unrestricted for purposes of this report, the $21.66 million is committed or assigned to various programs of the District.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 16. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see the total revenues for the year.

TABLE 2

(Amounts in millions)

REVENUES	**2015**	**2016**	**CHANGE**
Program revenues:			
Charges for services	$ 1.01	$ 0.61	$ (0.40)
Operating grants and contributions	14.99	11.68	(3.31)
Federal and state sources	6.41	14.03	7.62
Property taxes	128.09	152.28	24.19
Other general revenue	10.81	15.43	4.62
Total Revenues	161.31	194.03	32.72
EXPENSES			
Instruction	79.60	85.71	6.11
Instruction-related services	22.70	24.38	1.68
Pupil services	16.68	18.14	1.46
General administration	8.08	8.61	0.53
Plant services	14.35	15.55	1.20
Ancillary services	0.32	0.36	0.04
Interest on long-term debt	12.79	16.27	3.48
Other outgo	0.04	0.02	(0.02)
Total Expenditures	154.56	169.04	14.48
NET CHANGE IN POSITION	$ 6.75	$ 24.99	$ 18.24

Governmental Activities

As reported in the Statement of Activities on page 16 the cost of all governmental activities this year was $169.04 million. However, the amount that the taxpayers ultimately financed for these activities through local taxes was $152.28 million because the cost was paid by those who benefited from the programs or by other governments and organizations who subsidized certain programs with grants and contributions ($11.68 million). The District paid for the remaining "public benefit" portion of our governmental activities with $30.07 million in state revenue limit sources, State funds and with other revenues, such as interest and general entitlements.

Table 3 below presents the net cost of each of the District's largest functions. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

TABLE 3

(Amounts in millions)	**2015**	**2016**	**CHANGE**
Instruction	$ 72.70	$ 78.92	$ 6.22
Instruction-related services:			
Supervision of instruction	4.03	4.64	0.61
Instructional library, media and technology	2.48	2.62	0.14
School administration	15.07	16.08	1.01
Pupil services:			
Home-to-school transportation	2.34	2.62	0.28
Food services	2.53	2.74	0.21
All other pupil services	9.52	10.47	0.95
General administration:			
Data processing	0.43	0.42	(0.01)
All other general administration	7.23	7.80	0.57
Plant services	14.32	15.54	1.22
Ancillary services	0.32	0.35	0.03
Community services	0.01	0.01	-
Interest on long-term debt	12.79	16.27	3.48
Other outgo	(5.22)	(1.73)	3.49
TOTAL NET COST	$ 138.55	$ 156.75	$ 18.20

Other General Administration activities include fiscal services, personnel services, and central support services. This category includes attendance recording and reporting activities performed at the District level. This category also includes all other costs of property or general liability insurance not charged to a specific function. In addition, the costs of assistant superintendents for instruction or equivalent positions having first-line responsibility for instructional administration and for participation in district/county policy may be charged as follows:

- 50 percent to Instructional Supervision and Administration (Function 2100).
- 50 percent to Other General Administration (Function 7200).

THE DISTRICT'S FUNDS

As the District completed this year, governmental funds had a reported combined fund balance of $204.66 million, which is an increase of $12.89 million from last year.

The primary reasons for these changes are:

a) The General Fund is the principal operating fund. The fund balance in the General Fund increased from $26.28 million to $37.59 million. This increase was a combination of the balance of unspent Prop. 30 funding, a one-time Mandated Cost revenue, and a one-time RDA revenue.
b) The Building fund showed a decrease from $129.36 million to $119.74 million. This was primarily due to a combination of closing out Measure B and spending down Measure K projects.
c) The Bond Interest and Redemption fund increased from $26.54 million to $35.89 million. This was primarily due to an increase in funds set aside for future debt redemption associated with the new bond sale.

General Fund Budgetary Highlights

The Education Code requires that all school districts adopt a budget by July 1, and then twice a year submit to their County Offices of Education interim financial reports. These first and second interim reports reflect the status of district finances as of October 31 and January 31. Year-end actuals are submitted by September 15.

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 07, 2016. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in the annual report on page 70.

Significant revenue and expenditure revisions to the 2016-2017 budgets were made. This is primarily due to property tax increases, salary increases and school site carryover from 2015-2016 at the time of budget adoption.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 07, 2016. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 70).

- Significant expenditure revisions made to the 2015-2016 Budget were due to the bargaining settlement reached during 2015-16: 7.68% increased for FEA, 9.19% for CSEA, and 8.45% for FMA.
- Decreases in Books and Supplies categories due to carryovers of departments and school sites to be budgeted in 2016-17 Fiscal Year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the District had $370.57 million in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, depreciation and disposal) of $4.01 million from last year.

TABLE 4

(Amounts in millions)	Governmental Activities 2015	2016	CHANGE
Land	$ 1.96	$ 1.96	$ -
Construction in progress	20.03	22.23	2.20
Buildings and improvements	399.66	409.79	10.13
Furniture and equipment	6.09	6.98	0.89
Total Assets	427.74	440.96	13.22
Less Accumulated Depreciation	(61.18)	(70.39)	(9.21)
Totals	$ 366.56	$ 370.57	$ 4.01

This year's additions included school modernization of $13.81 million, and equipment of $0.88 million. Several capital projects are planned for completion in the 2015-2016 year. More information about our capital assets is presented in Note 4 to the financial statements.

Long-Term Obligations

At the end of this year, the District had $412.99 million in long-term debt outstanding versus $424.11 million last year, a decrease of -2.62 percent.

TABLE 5

(Amounts in millions)	Governmental Activities 2015	2016	CHANGE
General obligation bonds and premiums	$ 411.81	$ 398.55	$ (13.26)
Compensated absences	1.42	1.55	0.13
Other postemployment benefits obligations	10.88	12.89	2.01
Totals	$ 424.11	$ 412.99	$ (11.12)

The District's general obligation bond rating is Aaa (based on Moody's Investor Services) and AAA (based on Standard & Poor's). The State limits the amount of general obligation debt that the District can issue. The District's outstanding general obligation bond debt of $398.55 million is below this limit.

Other obligations include compensated absences payable. More detailed information regarding our long-term liabilities is presented in Note 10 of the financial statements.

The District has an estimated liability of $12.89 million for OPEB (other post-employment benefits). During fiscal year 2006-2007 the District established an irrevocable trust with American United Life that is administered by MidAmerica to fund this liability. The trust had a restricted fund balance of $7.22 million at June 30, 2016. The formation of this irrevocable trust protects the funds set aside for retiree benefits and was an important element to the District being an early adopter of GASB 45, implementing the requirements three years ahead of schedule.

Net Pension Liability (NPL)

GASB Statements No. 68 and No. 71 introduce new requirements for accrual-basis recognition by state and local governments of employer costs and obligations for pensions. Under the new accounting standards, if the present value of benefits earned by all employees participating in the CalSTRS and CalPERS pension plan exceeds the resources accumulated by the pension plan to benefits, LEAs must now report in their government wide financial statements their proportionate share of the plan's net pension liability. At present, both CalSTRS and CalPERS have a net pension liability. The district implemented GASB Statement No. 68 and No. 71 for the fiscal year ended June 30, 2015. (See Note 14 to the accompanying financial statements).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

<u>The District's 2016-2017 Budget</u>

District Administration is projecting that its financial position will improve for the 2016-17 Budget. The State enacted the Local Control Funding Formula (LCFF) to replace revenue limits and most categorical programs, commencing in 2016-17. This is the most sweeping reform of the state's school finance system since the enactment of Senate Bill 90 in the early 1970's, the Legislature's response to the landmark Serrano court decision.

Enrollment is projected to increase by approximately 250 students, but we are uncertain about the economy's impact on long term projections. Current projections show a 10 year period of increasing enrollment. In the area of employee compensation, there is no salary increase budgeted for 2016-17.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the office of Christine Mallery, Chief Business Officer/Associate Superintendent, at the Fremont Union High School District, 589 W. Fremont Avenue, Sunnyvale, California, (408) 522-2245.

FREMONT UNION HIGH SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS	
Deposits and investments	$ 206,120,826
Receivables	3,841,221
Receivable from Fiduciary Funds	300,000
Prepaid expenses	236,945
Stores inventories	37,115
Capital assets not depreciated	24,183,850
Capital assets, net of accumulated depreciation	346,379,680
Total Assets	581,099,637
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	10,242,649
Deferred outflows of resources related to pensions	13,715,637
Total Deferred Outflows of Resources	23,958,286
LIABILITIES	
Accounts payable	4,304,575
Interest payable	6,829,085
Unearned revenue	968,203
Long-term obligations:	
Current portion of long-term obligations other than pensions	12,485,975
Noncurrent portion of long-term obligations other than pensions	400,502,769
Total Long-Term Obligations	412,988,744
Aggregate net pension liability	110,960,128
Total Liabilities	536,050,735
DEFERRED INLFOWS OF RESOURCES	
Deferred inflows of resources related to pensions	10,820,221
NET POSITION	
Net investment in capital assets	101,998,395
Restricted for:	
Debt service	29,063,775
Capital projects	5,618,443
Educational programs	7,303,052
Self insurance	602,853
Unrestricted	(86,399,551)
Total Net Position	$ 58,186,967

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

FREMONT UNION HIGH SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities:				
Instruction	$ 85,713,149	$ 38,959	$ 6,755,879	$ (78,918,311)
Instruction-related activities:				
Supervision of instruction	5,033,353	356	389,191	(4,643,806)
Instructional library, media, and technology	2,652,154	251	29,279	(2,622,624)
School site administration	16,697,403	4,614	616,516	(16,076,273)
Pupil services:				
Home-to-school transportation	2,621,614	-	300	(2,621,314)
Food services	3,332,446	-	594,212	(2,738,234)
All other pupil services	12,181,631	-	1,713,015	(10,468,616)
Administration:				
Data processing	418,714	-	-	(418,714)
All other administration	8,193,794	1,324	389,206	(7,803,264)
Plant services	15,553,250	815	14,338	(15,538,097)
Ancillary services	356,954	-	2,842	(354,112)
Community services	11,280	-	-	(11,280)
Interest on long-term obligations	16,269,501	-	-	(16,269,501)
Other outgo	10,931	563,521	1,179,685	1,732,275
Total Governmental Activities	$ 169,046,174	$ 609,840	$ 11,684,463	(156,751,871)

General revenues:	
Property taxes, levied for general purposes	113,511,470
Property taxes, levied for debt service	33,579,666
Taxes levied for other specific purposes	5,189,317
Federal and State aid not restricted to specific purposes	14,026,419
Interest and investment earnings	481,741
Miscellaneous	14,950,985
Subtotal, General Revenues	181,739,598
Change in Net Position	24,987,727
Net Position - Beginning	33,529,840
Prior Period Adjustment	(330,600)
Net Position - Ending	$ 58,186,967

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

FREMONT UNION HIGH SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016

	General Fund	Building Fund	Bond Interest and Redemption Fund
ASSETS			
Deposits and investments	$ 39,532,922	$ 119,141,033	$ 35,845,940
Receivables	3,033,719	368,816	46,920
Due from other funds	630,510	2,272,983	-
Prepaid expenditures	51,247	-	-
Stores inventories	-	-	-
Total Assets	$ 43,248,398	$ 121,782,832	$ 35,892,860
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 1,935,476	$ 1,936,869	$ -
Due to other funds	2,986,322	-	-
Unearned revenue	737,040	106,480	-
Total Liabilities	5,658,838	2,043,349	-
Fund Balances:			
Nonspendable	66,248	-	-
Restricted	7,254,132	88,533,861	35,892,860
Committed	9,227,101	-	-
Assigned	16,059,607	31,205,622	-
Unassigned	4,982,472	-	-
Total Fund Balances	37,589,560	119,739,483	35,892,860
Total Liabilities and Fund Balances	$ 43,248,398	$ 121,782,832	$ 35,892,860

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

Non-Major Governmental Funds		Total Governmental Funds	
$	11,096,439	$	205,616,334
	391,140		3,840,595
	759,854		3,663,347
	-		51,247
	37,115		37,115
$	12,284,548	$	213,208,638
$	291,939	$	4,164,284
	429,353		3,415,675
	124,683		968,203
	845,975		8,548,162
	38,241		104,489
	5,667,363		137,348,216
	5,732,969		14,960,070
	-		47,265,229
	-		4,982,472
	11,438,573		204,660,476
$	12,284,548	$	213,208,638

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FREMONT UNION HIGH SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2016

Total Fund Balance - Governmental Funds		**$ 204,660,476**
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is:	$ 440,955,474	
Accumulated depreciation is:	(70,391,944)	
Net Capital Assets		370,563,530
Deferred charges on refunding related to the loss on refunding of debt which is classified as a deferred outflow of resources and expensed over the life of the debt on the government-wide financial statements, but was recorded as an expenditure in the governmental fund statements when the debt was issued.		10,242,649
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(6,829,085)
An internal service fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		602,853
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Bonds payable		(375,424,747)
Bonds premium		(23,122,520)
Compensated absences (vacations)		(1,546,828)
Other post-employment benefits		(12,894,649)
Net pension liability		(110,960,128)
Net pension liability and deferred inflows or outflows related to pension		2,895,416
Total Net Position - Governmental Activities		**$ 58,186,967**

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

FREMONT UNION HIGH SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Building Fund	Bond Interest and Redemption Fund
REVENUES			
Local control funding formula	$ 116,398,990	$ -	$ -
Federal sources	2,763,542	-	536,139
Other State sources	14,584,912	14,151	133,582
Other local sources	8,949,826	6,101,188	33,581,381
Total Revenues	142,697,270	6,115,339	34,251,102
EXPENDITURES			
Current			
Instruction	77,462,544	-	-
Instruction-related activities:			
Supervision of instruction	4,624,045	-	-
Instructional library, media and technology	2,425,760	-	-
School site administration	12,919,911	-	-
Pupil services:			
Home-to-school transportation	2,455,210	-	-
Food services	-	-	-
All other pupil services	11,372,095	-	-
Administration:			
Data processing	390,631	-	-
All other administration	7,030,834	-	-
Plant services	9,921,301	1,043,845	-
Facility acquisition and construction	282,354	15,749,589	-
Ancillary services	333,978	-	-
Community services	10,564	-	-
Other outgo	10,931	-	-
Debt service			
Principal	-	-	12,070,000
Interest and other	-	-	12,827,354
Total Expenditures	129,240,158	16,793,434	24,897,354
Excess (Deficiency) of Revenues Over Expenditures	13,457,112	(10,678,095)	9,353,748
Other Financing Sources (Uses)			
Transfers in	-	1,056,081	-
Transfers out	(2,144,923)	-	-
Net Financing Sources (Uses)	(2,144,923)	1,056,081	-
NET CHANGE IN FUND BALANCES	11,312,189	(9,622,014)	9,353,748
Fund Balance - Beginning	26,277,371	129,361,497	26,539,112
Fund Balance - Ending	$ 37,589,560	$ 119,739,483	$ 35,892,860

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

Non-Major Governmental Funds	Total Governmental Funds
$ 658,918	$ 117,057,908
985,409	4,285,090
2,836,000	17,568,645
4,839,505	53,471,900
9,319,832	192,383,543
1,390,222	78,852,766
75,703	4,699,748
48,388	2,474,148
2,185,737	15,105,648
-	2,455,210
3,112,148	3,112,148
-	11,372,095
-	390,631
279,182	7,310,016
1,171,545	12,136,691
247,734	16,279,677
-	333,978
-	10,564
-	10,931
-	12,070,000
-	12,827,354
8,510,659	179,441,605
809,173	12,941,938
1,036,524	2,092,605
-	(2,144,923)
1,036,524	(52,318)
1,845,697	12,889,620
9,592,876	191,770,856
$ 11,438,573	$ 204,660,476

FREMONT UNION HIGH SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds	**$ 12,889,620**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.	
Capital outlays	13,718,368
Depreciation expense	(9,364,917)
Net Expense Adjustment	4,353,451
Loss on disposal of capital assets is reported as an expense in the statement of activities, but is not recorded on the governmental funds.	(346,756)
In the statement of activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation earned was less than the amounts used.	(125,038)
The underfunded portion of the Annual Required Contribution (ARC) of the other postemployment benefits is not recorded in the governmental funds. In the statement of activities, the underfunded portion of the ARC is recognized as expenses.	(2,016,250)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the statement of activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.	31,275
Amortization of deferred charges on refunding reduce deferred balance in the statement of net position and is recorded in the statement of activities as expense, but does not affect the governmental funds.	(445,333)
Amortization of bond premiums reduce long-term obligations in the statement of net position and is recorded in the statement of activities as revenue, but does not affect the governmental funds.	1,473,685

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

FREMONT UNION HIGH SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, Continued
FOR THE YEAR ENDED JUNE 30, 2016

Payment of principal on long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the statement of net position and does not affect the statement of activities.	12,070,000
Accreted interest is not an expenditure in the governmental funds, but it increases the long-term liabilities in the statement of net position and is reflected as additional interest expense in the statement of activities.	(278,079)
Interest on long-term obligations is recorded as an expenditure in the funds when it is due; however, in the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.	(2,718,735)
An internal service fund is used by the District's management to charge the costs of the self-insurance program to the individual funds. The net income of the Internal Service fund is reported with governmental activities.	99,887
Change in Net Position of Governmental Activities	**$ 24,987,727**

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

FREMONT UNION HIGH SCHOOL DISTRICT

PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets	
Deposits and investments	$ 504,492
Receivables	626
Due from other funds	52,328
Prepaid expenses	185,698
Total Current Assets	743,144
LIABILITIES	
Current Liabilities	
Accounts payable	140,291
NET POSITION	
Restricted for insurance programs	$ 602,853

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

FREMONT UNION HIGH SCHOOL DISTRICT

PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
In-District premium	$ 2,200,279
OPERATING EXPENSES	
Professional and contract services	2,152,710
Operating Income	47,569
NONOPERATING REVENUES	
Transfers in	52,318
Change in Net Position	99,887
Total Net Position - Beginning	502,966
Total Net Position - Ending	$ 602,853

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

FREMONT UNION HIGH SCHOOL DISTRICT

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	$ 2,147,961
Cash payments for insurance claims	(2,119,747)
Net Cash Provided By Operating Activities	28,214
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	(626)
Cash received from assessments made to other funds	52,318
Net Cash Provided by Investing Activities	51,692
Net increase in cash and cash equivalents	79,906
Cash and cash equivalents - Beginning	424,586
Cash and cash equivalents - Ending	$ 504,492
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 47,569
Changes in assets and liabilities:	
Due from other fund	(52,318)
Prepaid expenses	63,991
Accrued liabilities	(31,028)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 28,214

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

FREMONT UNION HIGH SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016

	Retiree Benefits Trust	Agency Funds
ASSETS		
Deposits and investments	$ 7,354,855	$ 2,401,722
Receivables	2,167	-
Prepaid expenses	158,802	-
Total Assets	7,515,824	$ 2,401,722
LIABILITIES		
Due to other funds	300,000	$ -
Due to student groups	-	2,401,722
Total Liabilities	300,000	$ 2,401,722
NET POSITION		
Restricted	$ 7,215,824	

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

FREMONT UNION HIGH SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	Retiree Benefits Trust
ADDITIONS	
District contributions	$ 1,070,951
Interest	127,552
Total Additions	1,198,503
DEDUCTIONS	
Benefit expenses	869,207
Change in Net Position	329,296
Net Position - Beginning	6,886,528
Net Position - Ending	$ 7,215,824

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Fremont Union High School District was organized in 1925 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades 9-12 as mandated by the State and Federal agencies. The District operates five high schools, one alternative high school, one adult, and one independent study school.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Fremont Union High School District, this includes general operations, food service, and student related activities of the District.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for and report all financial resources not accounted for reported in another fund.

Building Fund The Building Fund exists primarily to account separately for proceeds from sale of bonds and acquisition of major governmental capital facilities and buildings.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of, district bonds, interest, and related costs.

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue Funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to expenditures for specified purposes and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Adult Education Fund The Adult Education Fund is used to account separately for Federal, State, and local revenues for adult education programs and is to be expended for adult education purposes only, except, for State revenues which, as a result of Senate Bill 4 of the 2009-10 Third Extraordinary Session (SBX3 4), may be used for any educational purpose.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes (*Education Code* Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

Capital Project Funds The Capital Project funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (*Education Code* Sections 17620-17626). Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).

County School Facilities Fund The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition lA), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 1D) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service.

Internal Service Fund Internal service funds may be used to account for goods or services provided to other funds of the District on a cost reimbursement basis. The District operates a workers' compensation, dental, vision, and property and liability programs that are accounted for in an internal service fund.

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District's trust funds include the Retiree Benefits fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's trust fund accounts for contribution and payments related to retiree benefit activities and agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues of the District and for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their net asset use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

Governmental Funds All governmental funds are accounted for using the 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. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Proprietary Funds Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources 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. To achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received before the eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures On the 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, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide statements.

Cash and Cash Equivalents

The District's 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. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments held at June 30, 2016, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county are determined by the program sponsor.

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures in the benefiting period.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental funds and expenses in the proprietary funds when used.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $10,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds. Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and building improvement, 50 years; equipment, 5 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated within the governmental funds and governmental activities.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs, related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method.

In governmental fund financial statements, debt premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is recorded as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt and for pension related items.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Fund Balances – Governmental Funds

As of June 30, 2016, fund balances of the governmental funds are classified as follows:

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 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 of regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed by that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purpose.

Unassigned – all other spendable amounts.

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.

Minimum Fund Balance Policy

In fiscal year 2015-2016, the governing board adopted a minimum fund balance policy for the General Fund in compliance with GASB 54 to establish fund balance policies in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of committed and unassigned amounts equal to no less than 10 percent of General Fund expenditures and other financing uses. At June 30, 2016, $9,227,101 and $4,982,472 of the Fund balance for the General Fund was reported as amounts committed and unassigned, respectively, and in total $14,209,573 was held for economic uncertainties.

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are primarily interfund insurance premiums. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Transfers between governmental and business-type activities in the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental column of the statement of activities.

Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1st of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Santa Clara bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application.* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The District has implemented the provisions of this Statement as of June 30, 2016.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68.* The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The provisions in this Statement effective as of June 30, 2016, include the provisions for assets accumulated for purposes of providing pensions through defined benefit plans and the amended provisions of Statements No. 67 and No. 68. The District has implemented these provisions as of June 30, 2016. The provisions in this Statement related to defined benefit pensions that are not within the scope of Statement No. 68 are effective for periods beginning after June 15, 2016.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The District has implemented the provisions of this Statement as of June 30, 2016.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement No. 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

The District has implemented the provisions of this Statement as of June 30, 2016.

New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures.* This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Early implementation is encouraged.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of Statement No. 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Early implementation is encouraged.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - amendment of GASB Statement No. 14.* The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Early implementation is encouraged.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Early implementation is encouraged.

In March 2016, the GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans,* No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Early implementation is encouraged.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Governmental funds	$ 205,616,334
Proprietary fund	504,492
Fiduciary funds	9,756,577
Total Deposits and Investments	$ 215,877,403

Deposits and investments as of June 30, 2016, consist of the following:

Cash on hand and in banks	$ 2,654,351
Cash in revolving	16,126
Investments	213,206,926
Total Deposits and Investments	$ 215,877,403

Policies and Practices

The District is authorized under California Government Code to make direct investment s in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; 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 agreements; 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 statements 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.

General Authorizations

Limitations as they relate to interest rate risk and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

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. The District 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 District manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The District’s retiree benefit plan also has an annuity account with a third party for the reserve of the future retiree benefit payments.

The District monitors the interest rate risk inherent in its portfolio by measuring the average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Costs	Fair Value	Average Maturity in Days
County Pool	$ 206,298,781	$ 206,675,173	439
Annuities for Retiree Benefit Trust Fund	6,908,145	6,908,145	N/A
Total	$ 213,206,926	$ 213,583,318	

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 annuity with ING ReliaStar Group is a fixed investment product with ING that is principal protected and guarantees a 3 percent minimum rate of return. ReliaStar Life Insurance Company has a rating from Standard and Poor's of AA.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does have a policy for custodial credit risk for deposits. However, 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. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2016, approximately $1,097,511 of the District's bank balances of $2,606,997 was exposed to custodial credit risk because it was uninsured but collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 3 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Santa Clara County Treasury Investment Pool and/or Local Agency Investment Funds/State Investment Pools are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2016:

		Fair Value Measurements Using			
Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Uncategorized
County Pool	$ 206,675,173	$ -	$ -	$ -	$ 206,675,173
Mutual Fund	6,908,145	-	-	-	6,908,145
Total	$ 213,583,318	$ -	$ -	$ -	$ 213,583,318

All assets have been valued using a market approach, with quoted market prices.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2016, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Proprietary Fund	Total
Federal Government						
Categorical aid	$ 911,575	$ -	$ -	$ 336,178	$ -	$1,247,753
State Government						
Categorical aid	372,037	-	-	6,010	-	378,047
Lottery	1,198,765	-	-	-	-	1,198,765
Local Government						
Interest	91,632	247,570	46,920	25,112	626	411,860
Other Local Sources	459,710	121,246	-	23,840	-	604,796
Total	$3,033,719	$ 368,816	$ 46,920	$ 391,140	$ 626	$3,841,221

FREMONT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deductions/ Adjustments	Balance June 30, 2016
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 1,958,025	$ -	$ -	$ 1,958,025
Construction in progress	20,033,731	12,319,065	10,126,971	22,225,825
Total Capital Assets Not Being Depreciated	21,991,756	12,319,065	10,126,971	24,183,850
Capital Assets Being Depreciated:				
Buildings and improvements	399,662,259	10,126,971	-	409,789,230
Furniture and equipment	6,085,590	1,399,303	502,499	6,982,394
Total Capital Assets Being Depreciated	405,747,849	11,526,274	502,499	416,771,624
Total Capital Assets	427,739,605	23,845,339	10,629,470	440,955,474
Less Accumulated Depreciation:				
Buildings and improvements	58,750,955	8,252,220	-	67,003,175
Furniture and equipment	2,431,815	1,112,697	155,743	3,388,769
Total Accumulated Depreciation	61,182,770	9,364,917	155,743	70,391,944
Governmental Activities Capital Assets, Net	$ 366,556,835	$ 14,480,422	$ 10,473,727	$ 370,563,530

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	$ 5,341,266
Supervision of instruction	318,348
Instructional library, media, and technology	167,592
School site administration	1,023,215
Home-to-school transportation	166,309
Food services	210,808
All other pupil services	770,314
Anciliary service	22,623
Community services	716
All other general administration	495,160
Data processing	26,460
Plant services	822,106
Total Depreciation Expenses Governmental Activities	$ 9,364,917

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivables and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivables and payable balances at June 30, 2016, between major and non-major governmental funds, and the internal service fund are as follows:

	Due From				
Due To	General Fund	Building Fund	Non-Major Governmental Funds	Proprietary Fund	Total
General Fund	$ -	$ 2,272,983	$ 661,011	$ 52,328	$ 2,986,322
Non-Major Governmental Funds	330,510	-	98,843	-	429,353
Fiduciary Funds	300,000	-	-	-	300,000
Total	$ 630,510	$ 2,272,983	$ 759,854	$ 52,328	$ 3,715,675

All balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transaction are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2016, consisted of the following:

	Transfer In			
Transfer Out	Building Fund	Non-Major Governmental Funds	Proprietary Fund	Total
General Fund	$ 1,056,081	$ 1,036,524	$ 52,318	$ 2,144,923

The General fund transferred to the Cafeteria fund for support.	$ 1,036,524
The General fund transferred to the Building fund for repayment of funds borrowed.	1,056,081
The General fund transferred to the Internal Service fund for contribution.	52,318
Total	$ 2,144,923

NOTE 7 - DEFERRED CHARGE ON REFUNDING

Deferred outflows of resources is a consumption of net position by the District that is applicable to a future reporting period. For governmental activities, the net investment in capital assets amount of $101,998,395 includes the effect of deferring the recognition of loss from advance refunding. The $10,242,649 balance of the deferred outflows of resources at June 30, 2016, will be recognized as an expense and as a decrease in net position over the remaining life of related bonds.

Deferred charge on refunding at June 30, 2016, consisted of the following:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Deferred charges on refunding*	$ 10,687,982	$ -	$ 445,333	$ 10,242,649

* Balance at July 1, 2015 reflects an restatement of a balance increase of $7,934,400.

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2016, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Proprietary Fund	Total
Vendor payables	$ 1,096,672	$ 1,935,554	$ 232,201	$ 140,291	$ 3,404,718
Salaries and benefits	838,804	1,315	59,738	-	899,857
Total	$ 1,935,476	$ 1,936,869	$ 291,939	$ 140,291	$ 4,304,575

NOTE 9 - UNEARNED REVENUE

Unearned revenue at June 30, 2016, consists of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
State categorical aid	$ 723,800	$ -	$ -	$ 723,800
Other local	13,240	106,480	124,683	244,403
Total	$ 737,040	$ 106,480	$ 124,683	$ 968,203

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Due in One Year
General obligation bonds*	$ 387,216,668	$ 278,079	$ 12,070,000	$ 375,424,747	$ 9,895,000
Bond premium	24,596,205	-	1,473,685	23,122,520	1,044,147
Compensated absences	1,421,790	125,038	-	1,546,828	1,546,828
OPEB obligation	10,878,399	3,087,201	1,070,951	12,894,649	-
Pension liabilities	90,975,957	19,984,171	-	110,960,128	-
	$ 515,089,019	$ 23,474,489	$ 14,614,636	$ 523,948,872	$ 12,485,975

* Balance at July 1, 2015 reflects an restatement of balance increase of $8,265,000.

Payments on the general obligation bonds are made by the bond interest and redemption fund with local revenues. The Compensated absences, the OPEB obligation and pension liabilities will be paid by the fund for which the employee worked.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2015	Issued/ Accretion	Redeemed	Bonds Outstanding June 30, 2016
1/20/05	9/1/23	3-5%	$ 143,400,000	$ 8,000,000	$ -	$ 8,000,000	$ -
* 8/14/08	8/1/33	4-5%	80,000,000	25,115,000	-	900,000	24,215,000
3/10/11	8/1/44	2-12%	69,995,108	49,986,668	278,079	1,680,000	48,584,747
1/29/13	8/1/44	3-5%	48,000,000	48,000,000	-	-	48,000,000
4/8/15	8/1/44	3-5%	100,000,000	100,000,000	-	-	100,000,000
5/14/15	8/1/40	2-5%	156,115,000	156,115,000	-	1,490,000	154,625,000
				$ 387,216,668	$ 278,079	$ 12,070,000	$ 375,424,747

* Balance at July 1, 2015 reflects an restatement of balance increase of $8,265,000.

Debt Service Requirements to Maturity

The bonds mature through 2045 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2017	$ 9,895,000	$ 16,259,215	$ 34,944,465
2018	28,895,000	15,581,555	71,007,255
2019	12,125,000	14,737,424	35,367,624
2020	13,310,000	14,116,828	36,164,928
2021	14,825,000	13,436,053	28,261,053
2022-2026	56,105,000	57,184,500	113,289,500
2027-2031	19,375,089	57,290,952	76,666,041
2032-2036	48,690,000	41,359,845	90,049,845
2037-2041	77,175,000	28,568,657	105,743,657
2042-2045	93,845,000	8,843,616	102,688,616
Total	374,240,089	$ 267,378,645	$ 641,618,734
Accreted interest	1,184,658		
	$ 375,424,747		

Other Postemployment Benefit (OPEB) Obligation

The District's contributions made during the year were $1,070,951. Interest on the net OPEB obligation to the annual required contribution was $299,200, which resulted in an increase to the net OPEB obligation of $2,016,250. As of June 30, 2016, the net OPEB obligation was $12,894,649. See Note 15 for additional information regarding the OPEB obligation and the postemployment benefits plan.

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2016, amounted to $1,546,828.

FREMONT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - FUND BALANCES

Fund balances with reservations and designations are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 15,001	$ -	$ -	$ 1,125	$ 16,126
Stores inventories	-	-	-	37,116	37,116
Prepaid expenditures	51,247	-	-	-	51,247
Total Nonspendable	66,248	-	-	38,241	104,489
Restricted					
Educational programs	7,254,132	-	-	48,920	7,303,052
Capital projects	-	88,533,861	-	5,618,443	94,152,304
Debt services	-	-	35,892,860	-	35,892,860
Total Restricted	7,254,132	88,533,861	35,892,860	5,667,363	137,348,216
Committed					
Educational programs	9,227,101	-	-	1,346,219	10,573,320
Adult education program	-	-	-	4,386,750	4,386,750
Total Committed	9,227,101	-	-	5,732,969	14,960,070
Assigned					
Program carryover	16,059,607	-	-	-	16,059,607
Capital projects	-	31,205,622	-	-	31,205,622
Total Assigned	16,059,607	31,205,622	-	-	47,265,229
Unassigned					
Reserve for economic uncertainties	3,954,472	-	-	-	3,954,472
Remaining unassigned	1,028,000	-	-	-	1,028,000
Total Unassigned	4,982,472	-	-	-	4,982,472
Total	$ 37,589,560	$ 119,739,483	$ 35,892,860	$ 11,438,573	$ 204,660,476

NOTE 12 - LEASE REVENUES

The District has leased properties built in the 1950's where the total construction costs have been fully depreciated for a number of years. Lease agreements have been entered into with various lessees for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but is unlikely that the District will cancel any of the agreements prior to their expiration date. The future minimum lease payments expected to be received under these agreements are as follows:

Year Ending June 30,	Lease Payment
2017	$ 4,020,519
2018	1,824,229
2019	1,878,956
2020	1,935,325
2021	1,993,384
2022-2026	10,900,644
2027-2031	12,636,833
2032-2034	8,528,752
Total	$ 43,718,642

NOTE 13 - RISK MANAGEMENT

Property and Liability

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 natural disasters. During fiscal year ending June 30, 2016, the District participated in the Northern California Regional Liability Excess Fund (ReLiEF) for excess property and liability coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2016, the District participated in the Santa Clara County Schools Insurance Group for the workers' compensation coverage.

Claims Liabilities

The District records an estimated liability for Workers' Compensation claims filed prior to March 1, 1996. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and estimates for claims incurred, but not reported based on historical experience for some self-insured programs, such as dental, vision and property and liability.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents the changes in approximate aggregate liabilities for the District from July 1, 2014 to June 30, 2016:

	Workers' Compensation	Dental	Vision	Property and Liability	Total
Liability Balance, July 1, 2014	$ 43,000	$ 65,078	$ 9,288	$ 50,000	$ 167,366
Claims and changes in estimates	38,673	(1,261,418)	(544,818)	(1,305,899)	(2,002,716)
Claims payments	(14,117)	1,266,352	557,602	1,266,352	2,005,443
Liability Balance, June 30, 2015	67,556	70,012	22,072	10,453	170,093
Claims and changes in estimates	(42,561)	(1,282,127)	(210,161)	(642,671)	(2,177,520)
Claims payments	8,300	1,274,394	196,794	660,434	2,139,922
Liability Balance, June 30, 2016	$ 33,295	$ 62,279	$ 8,705	$ 28,216	$ 132,495
Assets available to pay claims at June 30, 2016	$ 67,556	$ 621,537	$ 73,400	$ 10,453	$ 772,946

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2016 the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 79,891,779	$ 8,261,315	$ 7,847,489	$ 7,006,962
CalPERS	31,068,349	5,454,322	2,972,732	2,964,226
Total	$ 110,960,128	$ 13,715,637	$ 10,820,221	$ 9,971,188

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2014, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP. The STRP provisions and benefits in effect at June 30, 2016, are summarized as follows:

The STRP provisions and benefits in effect at June 30, 2016, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a precentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	9.20%	8.56%
Required employer contribution rate	10.73%	10.73%
Required state contribution rate	7.12589%	7.12589%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2016, are presented above and the District's total contributions were $6,430,351.

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

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:		
District's proportionate share of net pension liability	$	79,891,779
State's proportionate share of the net pension liability associated with the District		42,253,944
Total	$	122,145,723

The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2015 and June 30, 2014, respectively was 0.11867 percent and 0.11573 percent, resulting in a net increase in the proportionate share of 0.0029 percent.

For the year ended June 30, 2016, the District recognized pension expense of $7,006,962. In addition, the District recognized pension expense and revenue of $3,525,722 for support provided by the State. At June 30, 2016, 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
Pension contributions subsequent to measurement date	$ 6,430,351	$ -
Net change in proportionate share of net pension liability	1,830,964	-
Difference between projected and actual earnings	-	6,512,478
Differences between expected and actual experience in the measurement of the total pension liability	-	1,335,011
Total	$ 8,261,315	$ 7,847,489

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	$ (2,695,386)
2018	(2,695,386)
2019	(2,695,386)
2020	1,573,680
Total	$ (6,512,478)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is 7 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2017	$ 82,659
2018	82,659
2019	82,659
2020	82,659
2021	82,659
Thereafter	82,658
Total	$ 495,953

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

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. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on Teachers’ Retirement Board of the California State Teachers’ Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.60%)	$ 120,630,368
Current discount rate (7.60%)	$ 79,891,779
1% increase (8.60%)	$ 46,034,724

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) [and the Safety Risk Pool] under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan(s) regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2014 annual actuarial valuation report(s), Schools Pool Actuarial Valuation, [and the Risk Pool Actuarial Valuation Report, Safety,] 2014. This (These) report(s) and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2016, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a precentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.847%	11.847%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2016, are presented above and the total District contributions were $3,095,439.

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

As of June 30, 2016, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $31,068,349. The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2015 and June 30, 2014, respectively, was percent 0.21077 and 0.20563 percent, resulting in a net increase in the proportionate share of 0.00514 percent.

For the year ended June 30, 2016, the District recognized pension expense of $2,964,226. At June 30, 2016, 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
Pension contributions subsequent to measurement date	$ 3,095,439	$ -
Net change in proportionate share of net pension liability	583,281	-
Difference between projected and actual earnings on pension plan investments	-	1,063,806
Differences between expected and actual experience in the measurement of the total pension liability	1,775,602	-
Changes of assumptions	-	1,908,926
Total	$ 5,454,322	$ 2,972,732

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	$ (779,822)
2018	(779,822)
2019	(779,822)
2020	1,275,660
Total	$ (1,063,806)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2017	$ 155,158
2018	155,158
2019	139,641
Total	$ 449,957

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.65%
Investment rate of return	7.65%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	51%	5.25%
Global fixed income	19%	0.99%
Private equity	10%	6.83%
Real estate	10%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	2%	4.50%
Liquidity	2%	-0.55%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount rate	Net Pension Liability
1% decrease (6.65%)	$ 50,566,326
Current discount rate (7.65%)	$ 31,068,349
1% increase (8.65%)	$ 14,854,478

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the APPLE Retirement Program as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 1.3 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to the pension plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $3,702,305 (7.12589 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

NOTE 15 - POSTEMPLOYMENT HEALTH CARE PLAN AND OPEB OBLIGATION

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and the Fremont Educators Association (FEA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on a closed 30 year amortization period and the level dollar method for the implementation year, and an open 30 year amortization period and level percentage of payroll method for subsequent years. For fiscal year 2015-2016, the District contributed to the plan, of which $771,751 was used for current premiums. Plan members receiving benefits contributed approximately 18 percent of the total premiums. The District contributes $1,131, $832 and $2,188 monthly for FEA, CSEA and FMA, respectively. Any premiums over the District’s contribution are paid by plan members.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	$ 2,788,001
Interest on net OPEB obligation	299,200
Annual OPEB cost (expense)	3,087,201
Contributions made	(1,070,951)
Increase in net OPEB obligation	2,016,250
Net OPEB obligation, beginning of year	10,878,399
Net OPEB obligation, end of year	$ 12,894,649

The trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the past six years is as follows:

Year Ended June 30	Annual OPEB Cost	Actual Contributions	Percentage Contributed	Net OPEB Obligation
2016	$ 2,016,250	$ 1,070,951	53.12%	$ 12,894,649
2015	2,803,118	999,658	35.66%	10,878,399
2014	2,752,418	879,342	31.95%	9,074,939
2013	2,224,754	903,699	40.62%	7,201,863
2012	1,725,317	1,075,102	62.31%	5,880,808
2011	1,736,931	1,362,779	78.46%	5,230,593

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

A Schedule of funding progress as of the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
January 1, 2016	$ 6,673,228	$ 18,044,014	$ 11,370,786	37%	$ 86,924,615	13%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2016, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 4.9 percent investment rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a long-term fixed income portfolio. Healthcare cost trend rate, including Dental and Vision programs, assumed to be 4 percent. The UAAL is being amortized using a level percentage of payroll method. The calculation uses an open 30 year amortization period for the initial UAAL and an open 30 year amortization period for any residual UAAL. The remaining amortization period at January 1, 2016, was 30 years. At June 30, 2016, the Trust held net position in the amount of $7,215,824.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2016.

Litigation

The District is involved in various litigations arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2016.

Operating Leases

The District has entered into several operating leases for copiers with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Lease Payment
2017	$ 105,347
2018	41,635
2019	9,477
2020	1,782
2021	1,782
Total	$ 160,023

Construction Commitments

As of June 30, 2016, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Expected Date of Completion	Remaining Construction Commitment
Cupertino High School New Classroom and Science Building	12/2017	$ 21,747,500
Fremont High School GSS and Classroom Building	12/2018	26,288,000
Fremont High School Science Roofing	08/2016	277,900
Fremont High School Gym HV Replacement	08/2016	734,200
Fremont High School Football Field Light	10/2016	13,800
Fremont High School Electrical Infrastructure	10/2016	12,700
Homestead High School Utility Infrastructure	10/2016	1,485,000
Homestead High School Science Roofing	08/2016	260,700
Homestead High School New Two Story Classroom Building	12/2016	9,067,600
Lynbrook High School New Field House Addition	03/2018	9,186,000
Monta Vista High School New Classroom Building	12/2017	6,970,000
Monta Vista High School Gym Modernizaiton, Ampitheater	12/2017	6,144,000
Monta Vista High School Gym Modernizaiton, Ampitheater	08/2018	760,000
Total		$ 82,947,400

NOTE 17 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWER AUTHORITIES

The District is a member of the Silicon Valley Joint Powers Transportation Agency (SVJPA), the Santa Clara County Schools Insurance Group (SCCSIG), and the Northern California Regional Liability Excess Fund (North CalReLiEF). The relationship between the District, the pools and the JPA's are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

The District has appointed one board member to the Governing Board of SVJPA, SCCSIG, and North CalReLiEF.

During the year ended June 30, 2016, the District made payments as follows:

Related Entities	Service Payments	Service provided
SVJPA	$ 2,023,163	Transportation for special education students
SCCSIG	978,233	Excess workers' compensation insurance
North CalReLiEF	600,252	Property and liability insurance

REQUIRED SUPPLEMENTARY INFORMATION

FREMONT UNION HIGH SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variances - Favorable (Unfavorable) Final
	Original	**Final**	**Actual**	**to Actual**
REVENUES				
Local control funding formula	$ 107,283,011	$ 116,283,904	$ 116,398,990	$ 115,086
Federal sources	2,647,076	2,713,702	2,763,542	49,840
Other State sources	4,007,720	14,061,998	14,584,912	522,914
Other local sources	10,689,966	8,706,296	8,949,826	243,530
Total Revenues	124,627,773	141,765,900	142,697,270	931,370
EXPENDITURES				
Current				
Certificated salaries	57,173,255	60,708,675	60,649,476	59,199
Classified salaries	19,180,618	21,046,926	21,295,570	(248,644)
Employee benefits	26,237,015	29,650,773	29,906,295	(255,522)
Books and supplies	8,974,250	6,234,655	4,129,004	2,105,651
Services and operating expenditures	13,130,628	13,552,807	13,430,237	122,570
Other outgo	(212,591)	(255,767)	(239,676)	(16,091)
Capital outlay	462,567	373,867	69,252	304,615
Total Expenditures	124,945,742	131,311,936	129,240,158	2,071,778
Excess Expenditures Over Revenues	(317,969)	10,453,964	13,457,112	3,003,148
Other Financing Sources (Uses)				
Transfers in	391,266	500,744	-	(500,744)
Transfers out	(1,510,000)	(2,587,173)	(2,144,923)	442,250
Net Financing Sources (Uses)	(1,118,734)	(2,086,429)	(2,144,923)	(58,494)
NET CHANGE IN FUND BALANCES	(1,436,703)	8,367,535	11,312,189	2,944,654
Fund Balance - Beginning	26,277,371	26,277,371	26,277,371	-
Fund Balance - Ending	$ 24,840,668	$ 34,644,906	$ 37,589,560	$ 2,944,654

See accompanying note to required supplementary information.

FREMONT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF OPEB FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
January 1, 2016	$ 6,673,228	$ 18,044,014	$ 11,370,786	37%	$ 86,924,615	13%
March 1, 2014	6,240,219	16,337,524	10,097,305	38%	79,271,182	13%
March 1, 2013	6,101,196	13,516,861	7,415,665	45%	69,909,007	11%
February 1, 2012	5,923,968	9,838,919	3,914,951	60%	66,793,472	6%

See accompanying note to required supplementary information.

FREMONT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
CalSTRS		
District's proportion of the net pension liability	0.11867%	0.11573%
District's proportionate share of the pension liability	$ 79,891,779	$ 67,631,744
State's proportionate share of the net pension liability associated with the District	42,253,944	40,838,967
Total	$ 122,145,723	$ 108,470,711
District's covered - employee payroll	$ 50,227,021	$ 51,955,637
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	159%	130%
Plan fiduciary net position as a percentage of the total pension liability	74%	77%
CalPERS		
District's proportion of the net pension liability	0.21077%	0.20563%
District's proportionate share of the pension liability	$ 31,068,349	$ 23,344,213
District's covered - employee payroll	$ 23,139,080	$ 21,689,629
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	134%	108%
Plan fiduciary net position as a percentage of the total pension liability	79%	83%

Note: In the future, as data become available, ten years of information will be presented.

See accompanying note to required supplementary information.

FREMONT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
CalSTRS		
Contractually required contribution	$ 6,430,351	$ 4,907,917
Contributions in relation to the contractually required contribution	6,430,351	4,907,917
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 60,292,804	$ 50,227,021
Contributions as a percentage of covered - employee payroll	10.67%	9.77%
CalPERS		
Contractually required contribution	$ 3,095,439	$ 2,647,574
Contributions in relation to the contractually required contribution	3,095,439	2,647,574
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 26,128,463	$ 23,139,080
Contributions as a percentage of covered - employee payroll	11.85%	11.44%

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Other Postemployment Benefits (OPEB) Funding Progress

This schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation for either CalSTRS and CalPERS.

Changes in Assumptions

The CalSTRS plan rate of investment return assumption was not changed from the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.50 percent to 7.65 percent since the previous valuation.

SUPPLEMENTARY INFORMATION

FREMONT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Adult Education Act:			
Adult Basic Education and ESL	84.002A	14508	$ 131,893
Adult Secondary Education	84.002	13978	79,866
English Literacy and Civics Education	84.002A	14109	68,443
Total Adult Education			280,202
No Child Left Behind Act:			
Title II, Part A, Teacher Quality	84.367	14341	174,328
Title III-Limited English Proficiency (LEP)	84.365	14346	80,282
Advance Placement Test Fee Reimbursement Program	84.330B	14831	15,119
Individuals with Disabilities Act:			
Basic Local Assistance Entitlement: Part B, Sec 611	84.027	13379	1,465,275
Mental Health ADA Allocation Plan, Part B, Sec 611	84.027A	14468	411,382
Total Special Education Cluster			1,876,657
Carl D Perkins Act:			
Postsecondary and Adult II C	84.048	14893	126,998
Technology Secondary, Section 131	84.048	14894	156,515
Total Carl Perkins Grant			283,513
Department of Rehabilitation: Workability II, Transitions Partnership	84.126	10006	393,061
Total U.S. Department of Education			3,103,162

See accompanying note to supplementary information.

FREMONT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster			
National School Lunch	10.555	13523	372,720
National School Breakfast	10.553	13525	18,322
Especially Needy Breakfast	10.553	13526	175,300
Summer Food Service Program Operations	10.559	13004	11,867
Commodity Supplemental Food Program[2]	10.555	[1]	102,321
Total Child Nutrition Cluster			680,530
Total U.S. Department of Agriculture			680,530
U.S. DEPARTMENT OF HEALTH CARE SERVICES			
Passed through CDE:			
Medi-Cal Administrative Activities (MAA)	93.778	10060	67,580
Total Expenditures of Federal Awards			$ 3,851,272

[1] Pass-Through Entity Identifying Number not available
[2] Not recorded in the financial statements

See accompanying note to supplementary information.

FREMONT UNION HIGH SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2016

ORGANIZATION

The Fremont Union High School District was established in 1925 under the laws of the State of California and consists of an area comprising approximately 42 square miles. The District operates five high schools, one community day school, one adult school and one independent study school. There were no boundary changes during the year.

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Hung Wei	President	2018
Jeff Moe	Vice President	2016
Nancy Newton	Clerk	2016
Bill Wilson	Member	2018
Barbara Nunes	Member	2018
Cyrus Miremadi	Student Member	2016

ADMINISTRATION

NAME	TITLE
Polly Bove	Superintendent
Kate Jamentz	Academic Deputy Superintendent
Christine Mallery	Chief Business Officer, Associate Superintendent
Graham Clark	Associate Superintendent of Administrative Services

See accompanying note to supplementary information.

FREMONT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2016

	Final Report	
	Second Period Report	Annual Report
Ninth Through Twelfth		
Regular classes ADA	10,317.96	10,287.69
Extended year special education	11.93	11.93
Special education, nonpublic, nonsectarian schools	26.85	27.65
Extended year special education, nonpublic, nonsectarian schools	3.37	3.37
Community day school	7.90	8.47
Total Average Daily Attendance (ADA)	10,368.01	10,339.11

See accompanying note to supplementary information.

FREMONT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2016

Grade Level	1986-87 Minutes Requirement	2015-2016 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grade 9	64,800	64,805	180	N/A	Complied
Grade 10	64,800	64,805	180	N/A	Complied
Grade 11	64,800	64,805	180	N/A	Complied
Grade 12	64,800	64,850	180	N/A	Complied

Fremont Union High School District is a community funded school district. Therefore, the District does not receive longer instructional day and longer instructional year incentive funding.

See accompanying note to supplementary information.

FREMONT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

	(Budget) 2017[1]	2016	2015	2014
GENERAL FUND [2]				
Revenues	$ 138,739,752	$ 142,697,270	$ 116,584,193	$ 112,799,079
Other sources	500,744	-	1,858,439	422,323
Total Revenues and Other Sources	139,240,496	142,697,270	118,442,632	113,221,402
Expenditures	136,681,027	129,240,158	115,611,856	106,980,521
Other uses and transfers out	1,100,000	2,144,923	1,080,318	1,151,389
Total Expenditures and Other Uses	137,781,027	131,385,081	116,692,174	108,131,910
INCREASE (DECREASE) IN FUND BALANCE	$ 1,459,469	$ 11,312,189	$ 1,750,458	$ 5,089,492
ENDING FUND BALANCE	$ 39,049,029	$ 37,589,560	$ 26,277,371	$ 24,526,913
AVAILABLE RESERVES	$ 15,669,042	$ 14,209,573	$ 14,800,549	$ 10,658,531
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO[3]	11.37%	10.82%	12.68%	9.86%
LONG-TERM DEBT	$ 511,462,897	$ 523,948,872	$ 506,824,019	$ 314,070,255
K-12 AVERAGE DAILY ATTENDANCE AT P-2	10,583	10,368	10,420	10,321

The General Fund balance has increased by $13,062,647 over the past two years. The fiscal year 2016-2017 budget projects a decrease of $1,459,469 (4 percent). For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surplus in the past three years but anticipates incurring an operating deficit during the 2016-2017 fiscal year. Total long-term obligations have increased by $209,878,617 over the past two years due to recognition of $111 million pension liabilities and issuance of $256 million general obligation bonds.

Average daily attendance has increased by 136 over the past two years. Constant ADA is anticipated during fiscal year 2016-2017.

[1] Budget 2017 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

[3] On-behalf payments of $3,072,305, $2,796,370, and $2,574,934, recorded in the general fund have been excluded from this schedule and from the calculation of available reserves for fiscal years ending June 30, 2016, 2015, and 2014, respectively.

See accompanying note to supplementary information.

FREMONT UNION HIGH SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund
ASSETS			
Deposits and investments	$ 1,601,033	$ 43,613	$ 3,745,420
Receivables	290,020	80,658	7,991
Due from other funds	-	2,093	757,761
Stores inventories	-	37,115	-
Total Assets	$ 1,891,053	$ 163,479	$ 4,511,172
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 130,349	$ 35,610	$ 124,422
Due to other funds	330,510	-	-
Unearned revenue	34,305	90,378	-
Total Liabilities	495,164	125,988	124,422
Fund Balances:			
Nonspendable	750	37,491	-
Restricted	48,920	-	-
Committed	1,346,219	-	4,386,750
Total Fund Balances	1,395,889	37,491	4,386,750
Total Liabilities and Fund Balances	$ 1,891,053	$ 163,479	$ 4,511,172

See accompanying note to supplementary information.

Capital Facilities Fund		County School Facilities Fund		Total Non-Major Governmental Funds	
$	5,607,457	$	98,916	$	11,096,439
	10,986		1,485		391,140
	-		-		759,854
	-		-		37,115
$	5,618,443	$	100,401	$	12,284,548
$	-	$	1,558	$	291,939
	-		98,843		429,353
	-		-		124,683
	-		100,401		845,975
	-		-		38,241
	5,618,443		-		5,667,363
	-		-		5,732,969
	5,618,443		-		11,438,573
$	5,618,443	$	100,401	$	12,284,548

FREMONT UNION HIGH SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund
REVENUES			
Local funding control formula	$ -	$ -	$ 658,918
Federal sources	407,200	578,209	-
Other State sources	2,789,633	46,367	-
Other local sources	1,180,996	1,490,192	100,343
Total Revenues	4,377,829	2,114,768	759,261
EXPENDITURES			
Current			
Instruction	1,390,222	-	-
Instruction-related activities:			
Supervision of instruction	75,703	-	-
Instructional library, media, and technology	48,388	-	-
School site administration	2,185,737	-	-
Pupil services:			
Food services	-	3,112,148	-
Administration:			
All other administration	184,743	65,864	-
Plant services	282,822	-	888,723
Facility acquisition and construction	-	-	247,684
Total Expenditures	4,167,615	3,178,012	1,136,407
Excess (Deficiency) of Revenues Over Expenditures	210,214	(1,063,244)	(377,146)
Other Financing Sources (Uses)			
Transfers in	-	1,036,524	-
Net Financing Sources (Uses)	-	1,036,524	-
NET CHANGE IN FUND BALANCES	210,214	(26,720)	(377,146)
Fund Balance - Beginning	1,185,675	64,211	4,763,896
Fund Balance - Ending	$ 1,395,889	$ 37,491	$ 4,386,750

See accompanying note to supplementary information.

Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
$ -	$ -	$ 658,918
-	-	985,409
-	-	2,836,000
2,067,974	-	4,839,505
2,067,974	-	9,319,832
-	-	1,390,222
-	-	75,703
-	-	48,388
-	-	2,185,737
-	-	3,112,148
28,575	-	279,182
-	-	1,171,545
50	-	247,734
28,625	-	8,510,659
2,039,349	-	809,173
-	-	1,036,524
-	-	1,036,524
2,039,349	-	1,845,697
3,579,094	-	9,592,876
$ 5,618,443	$ -	$ 11,438,573

FREMONT UNION HIGH SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2016

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

	CFDA Number	Amount
Federal Revenues report in the Statement of Revenues, Expenditures and Changes in Fund Balances		$ 4,285,090
Federal interest subsidy from Build America Bonds Act	Not Applicable	(536,139)
Commodities	10.555	102,321
Total Schedule of Expenditures of Federal Awards		$ 3,851,272

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

INDEPENDENT AUDITOR'S REPORTS

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
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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont Union High School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Fremont Union High School District's basic financial statements, and have issued our report thereon dated December 5, 2016.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2016, the District adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application;* GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68;* GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments;* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fremont Union High School District's internal control over financial reporting (internal control) to determine the 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 Fremont Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fremont Union High School District'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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.

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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 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 financial statements are free from 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 determination of financial statement amounts. 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek Trine Day + Co. LLP

Palo Alto, California
December 5, 2016

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Governing Board
Fremont Union High School District
Sunnyvale, California

Report on Compliance for Each Major Federal Program

We have audited Fremont Union High School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Fremont Union High School District's (the District) major Federal programs for the year ended June 30, 2016. Fremont Union High School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fremont Union High School District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Fremont Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Fremont Union High School District's compliance.

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Opinion on Each Major Federal Program

In our opinion, Fremont Union High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Fremont Union High School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fremont Union High School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fremont Union High School District's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vavrinek Trine Day + Co. LLP

Palo Alto, California
December 5, 2016

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Fremont Union High School District
Sunnyvale, California

Report on State Compliance

We have audited Fremont Union High School District's compliance with the types of compliance requirements as identified in the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Fremont Union High School District's State government programs as noted below for the year ended June 30, 2016.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Fremont Union High School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Fremont Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of Fremont Union High School District's compliance with those requirements.

Unmodified Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2016.

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In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the State laws and regulations applicable to the following items:

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, See Below
Independent Study	No, See Below
Continuation Education	No, See Below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, See Below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, See Below
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	No, See Below
Transportation Maintenance of Effort	Yes
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	No, See Below
After School	No, See Below
Before School	No, See Below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, See Below
Immunizations	No, See Below
CHARTER SCHOOLS	
Attendance	No, See Below
Mode of Instruction	No, See Below
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, See Below
Determination of Funding for Non Classroom-Based Instruction	No, See Below
Annual Instruction Minutes Classroom-Based	No, See Below
Charter School Facility Grant Program	No, See Below

The District does not offer a Kindergarten Program; therefore, we did not perform procedures related to a Kindergarten Program.

The District does not offer an Independent Study Program; therefore, we did not perform procedures related to an Independent Study Program.

The District does not offer a Continuation Education Program; therefore, we did not perform procedures related to a Continuation Education Program.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to an Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not have a public school that has K-3 Grade Span; therefore, we did not perform any procedures related to the K-3 Grade Span Adjustment.

The District does not offer an After School Education and Safety Program; therefore, we did not perform any procedures related to an After School Education and Safety Program.

The District does not offer a Course based Independent Study program; therefore, we did not perform any procedures related to an Independent Study - Course Based program.

The District does not have K/TK and/or 7th Grade, and thus did not have any schools listed on the immunization assessment reports; therefore, we did not perform any related procedures.

The District does not have any dependent Charter Schools; therefore, we did not perform any procedures for Charter School Programs.

Vavrinek Trine Day + Co. LLP

Palo Alto, California
December 5, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FREMONT UNION HIGH SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2016

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	No
Identification of major federal programs:	

CFDA Numbers	Name of Federal Program or Cluster
84.027, 84.027A	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Type of auditor's report issued on compliance for all State programs.	Unmodified

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

FREMONT UNION HIGH SCHOOL DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

FREMONT UNION HIGH SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

There were no audit findings reported in the prior year's schedule of financial statement findings.