

FREMONT UNION HIGH SCHOOL DISTRICT

2014 MEASURE K FUND

ANNUAL FINANCIAL REPORT AND PERFORMANCE AUDIT

**FOR THE YEAR ENDED
JUNE 30, 2018**

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FREMONT UNION HIGH SCHOOL DISTRICT

2014 MEASURE K FUND

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2018**

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**FREMONT UNION HIGH SCHOOL DISTRICT
2014 MEASURE K FUND**

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JUNE 30, 2018**

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Fremont Union High School District (the "District"), 2014 Measure K Fund (the Fund), as of and for the year ended June 30, 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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. 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund of the Fremont Union High School District, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the fund specific to 2014 Measure K, and are not intended to present fairly the financial position and changes in financial position of Fremont Union High School District in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018 on our consideration of the 2014 Measure K Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 2014 Measure K Fund's internal control over financial reporting and compliance.


Palo Alto, California
December 6, 2018

**FREMONT UNION HIGH SCHOOL DISTRICT
2014 MEASURE K FUND**

**BALANCE SHEET
JUNE 30, 2018**

ASSETS

Cash and investments	\$ 102,239,497
Accounts receivable	610,968
Due from the District	56,685
Total Assets	<u>\$ 102,907,150</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Vendor payable	\$ 12,448,823
Due to the District	314,236
Total Liabilities	<u>12,763,059</u>

FUND BALANCE

Restricted for capital projects	<u>90,144,091</u>
Total Liabilities and Fund Equity	<u>\$ 102,907,150</u>

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

**FREMONT UNION HIGH SCHOOL DISTRICT
2014 MEASURE K FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018**

REVENUES

Interest	\$ 1,936,029
Other transfer in from all other funds	18,225
Total Revenues and Other Sources	<u>1,954,254</u>

EXPENDITURES

Current Expenditures	
Classified salaries	799,291
Employee benefits	256,451
Supplies	339,377
Services and operating expenditures	432,076
Capital Outlay	<u>74,027,699</u>
Total Expenditures	<u>75,854,894</u>

NET CHANGE IN FUND BALANCE

	(73,900,640)
Fund Balance - Beginning	<u>164,044,731</u>
Fund Balance - Ending	<u>\$ 90,144,091</u>

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

**FREMONT UNION HIGH SCHOOL DISTRICT
2014 MEASURE K FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Fremont Union High School District's (the "District") 2014 Measure K Fund (the "Fund") conforms to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Financial Reporting Entity

The financial statements include only the Fund used to account for 2014 Measure K projects. This Fund was established to account for the expenditures of general obligation bonds issued under 2014 Measure K. These financial statements are not intended to present fairly the financial position and results of operations of the Fremont Union School District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

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

Basis of Accounting

The 2014 Measure K Fund is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Budgets and Budgetary Accounting

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

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid.

**FREMONT UNION HIGH SCHOOL DISTRICT
2014 MEASURE K FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Fund Balance - 2014 Measure K Fund

As of June 30, 2018, the fund balance is classified as follows:

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The fund balance can only be used for construction projects authorized by measure K.

Spending Order Policy

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

Use of Estimates

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

NOTE 2 - INVESTMENTS

Investment in County Treasury

The Fund is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. The Fund maintains an investment of \$102,239,497 with the Santa Clara County Investment Pool. The fair value of this investment is approximately cost.

**FREMONT UNION HIGH SCHOOL DISTRICT
2014 MEASURE K FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Fair Value Measurement

The Fund recognizes the fair value measurement of its investments on a recurring basis, 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: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Fund's investments in the Santa Clara County Treasury Investment Pool are uncategorized because deposits to and from the pool are made on the basis of \$1 and not at fair value.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Fund manages its exposure to interest rate risk by investing in the Santa Clara County Investment Pool. The Fund's investment has an average maturity of 479 days.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018, consisted of the following:

	<u>Amount</u>
Accounts receivable	\$ 136,750
Interest receivable	474,218
Total Accounts Receivable	<u>\$ 610,968</u>

**FREMONT UNION HIGH SCHOOL DISTRICT
2014 MEASURE K FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 - GENERAL LONG-TERM DEBT

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

The following provides information on the outstanding general obligation bonds:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds		Bonds
				Outstanding July 1, 2017	Redeemed	Outstanding June 30, 2018
4/8/2015	8/1/2044	3.00-5.00%	\$100,000,000	\$ 100,000,000	\$ 18,000,000	\$ 82,000,000
6/20/2017	8/1/2046	2.00-5.00%	68,830,000	68,830,000	-	68,830,000
6/20/2017	8/1/2030	3.00-4.00%	31,170,000	31,170,000	-	31,170,000
				<u>\$ 200,000,000</u>	<u>\$ 18,000,000</u>	<u>\$ 182,000,000</u>

The bonds mature through 2047 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	\$ 8,945,000	\$ 6,986,869	\$ 15,931,869
2020	8,845,000	6,720,019	15,565,019
2021	410,000	6,581,194	6,991,194
2022	570,000	6,566,494	7,136,494
2023	740,000	6,543,144	7,283,144
2024-2028	7,620,000	32,010,195	39,630,195
2029-2033	18,395,000	29,272,570	47,667,570
2034-2038	32,740,000	24,094,522	56,834,522
2039-2043	54,130,000	15,664,687	69,794,687
2044-2047	49,605,000	3,618,000	53,223,000
Total	<u>\$ 182,000,000</u>	<u>\$ 138,057,694</u>	<u>\$ 320,057,694</u>

**FREMONT UNION HIGH SCHOOL DISTRICT
2014 MEASURE K FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2018, the 2014 Measure K Fund had the following commitments with respect to unfinished projects:

Capital Project	Expected Date of Completion	Remaining Construction Commitment
CHS New Science and Standard Classroom Building	8/9/2019	\$ 23,572
FHS GSS and Classroom Building	12/24/2018	4,018,177
FHS Main Building Modernization	2/28/2020	2,319,005
HHS Building S-DSA Closeout/Site and Infrastructure	12/31/2018	180,650
HHS GSS Building/Remove Building D	9/3/2020	8,590,623
HHS Innovation Hub/ New Classroom Building	2/15/2019	29,992
HHS Remodel A Building Admin Space to Classroom	7/27/2022	8,865,314
HHS Temporary Housing	4/30/2019	2,968
HHS Utility Infrastructure Phase III	7/27/2022	2,925,850
LHS Auditorium Lobby Remodel	10/31/2021	3,788,577
LHS GSS Building, Parking and Relocate PV Total	10/25/2021	13,250,467
LHS New Cafeteria, Main Quad, Gym Lobby Total	12/26/2019	19,403,177
MVHS Building A and C HVAC Total	11/30/2019	2,174,110
MVHS Guidance Center Remodel Total	10/31/2018	40,687
MVHS Gym Modernization, Amphitheater/ Dance/ Path of Travel Total	11/30/2018	110,631
DS New Education Options and ACE Campus (3)	10/25/2019	14,257,487
		\$ 79,981,287

INDEPENDENT AUDITOR'S REPORT



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the 2014 Measure K Fund (the Fund), as of and for the year ended June 30, 2018, and have issued our report thereon dated December 6, 2018.

As discussed in Note 1, the financial statements present only the Fund specific to the 2014 Measure K, and are not intended to present fairly the financial position and results of operations of Fremont Union High School District (the District) in conformity with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund'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 the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Fund'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 charge with governance.

Our consideration of internal control porting 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 the Fund'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 Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Palo Alto, California
December 6, 2018

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

**FREMONT UNION HIGH SCHOOL DISTRICT
2014 MEASURE K FUND**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2018**

None reported.

**FREMONT UNION HIGH SCHOOL DISTRICT
2014 MEASURE K FUND**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2018**

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

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FREMONT UNION HIGH SCHOOL DISTRICT

2014 MEASURE K

PERFORMANCE AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2018**

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**FREMONT UNION HIGH SCHOOL DISTRICT
2014 MEASURE K FUND**

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JUNE 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

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

We were engaged to conduct a performance audit of the Fremont Union High School District's (the "District"), 2014 Measure K Fund (the "Fund") for the year ended June 30, 2018.

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

Our audit was limited to the objectives listed within the report which includes determining the Fund's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the Fund's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the 2014 Measure K Fund's internal control in order to determine if the internal controls were adequate to help ensure the Fund's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

The results of our tests indicated that, in all significant respects, the 2014 Measure K Fund were expended only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution.

Palo Alto, California
December 6, 2018

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FREMONT UNION HIGH SCHOOL DISTRICT 2014 MEASURE K FUND

JUNE 30, 2018

AUTHORITY FOR ISSUANCE

The 2014 Measure K General Obligation Bonds are issued pursuant to the Constitution and laws of the State of California (the “State”), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law.

The District received authorization at an election held on November 4, 2014, to issue bonds of the District in an aggregate principal amount not to exceed \$295,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. Measure K required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2014 Authorization). The funds represent all series of the authorized bonds to be issued under the 2014 Authorization.

PURPOSE OF ISSUANCE

The net proceeds of the Bonds and any other series of general obligation bonds issued under the Authorization will be used for the purposes specified in the District bond proposition submitted at the election, which include building the new classrooms and facilities needed to serve a growing student population for Cupertino, Fremont, Homestead, Lynbrook, and Monta Vista High Schools.

The funds will be used to build new classrooms and facilities to avoid overcrowding; upgrade science labs and technology; update computer network capability and replace, acquire, construct and renovate school facilities.

AUTHORITY FOR THE AUDIT

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

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

**FREMONT UNION HIGH SCHOOL DISTRICT
2014 MEASURE K FUND**

JUNE 30, 2018

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Fund have been made in accordance with the bond project list approved by the voters through the approval of 2014 Measure K.
2. Determine whether salary transactions, charged to the Fund were in support of 2014 Measure K and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2017 to June 30, 2018. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2018 were not reviewed or included within the scope of our audit or in this report.

FINANCIAL SUMMARY

1. The funds were authorized at an election of the registered voters of the District held on November 4, 2014. The bonds were authorized at an issuance of \$295,000,000 for the purpose of financing the addition and modernization of school facilities. The first series of the bonds were issued in April 2015, with a face value of \$100,000,000. The second series of the bonds were issued in June 2017, with a face value of \$100,000,000.
2. Total expenditures and commitments through June 30, 2018, were \$193,156,742 since inception.
3. An analysis of expenditures as of June 30, 2018 is as follows:

EXPENDITURES	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>
Current Expenditures			
Classified salaries and benefits	\$ 2,028,287	\$ 1,055,742	\$ 3,084,029
Supplies	271,627	339,377	611,004
Services and operating expenditures	1,321,368	432,076	1,753,444
Capital outlay	33,699,279	74,027,699	107,726,978
Total Expenditures	<u>\$ 37,320,561</u>	<u>\$ 75,854,894</u>	113,175,455
Contracted commitments as of June 30, 2018			79,981,287
Total Expenditures and Commitments			<u>\$ 193,156,742</u>

**FREMONT UNION HIGH SCHOOL DISTRICT
2014 MEASURE K FUND**

JUNE 30, 2018

Available unspent funds from the bonds as of June 30, 2018 are:

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>
Bond proceeds	\$200,000,000	\$ -	\$ 200,000,000
Interest income	1,580,392	1,936,029	3,516,421
Other local sources	9,900	18,225	28,125
Total expenditures	<u>(37,320,561)</u>	<u>(75,854,894)</u>	<u>(113,175,455)</u>
Total	<u>\$164,269,731</u>	<u>\$ (73,900,640)</u>	<u>90,369,091</u>
Contracted commitments as of June 30, 2018			<u>(79,981,287)</u>
Amount available			<u>\$ 10,387,804</u>

METHODOLOGY

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2018 for the 2014 Measure K. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and 2014 Measure K as to the approved bond projects list. We performed the following procedures:

1. We verified the 2014 Measure K Fund expenditures were accounted for in Fund 216 and Fund 217 (2014 Measure K Fund) of the District.
2. We examined non-payroll related expenditures aggregating \$57,016,683, which is 76 percent of the total Measure K non-payroll related expenditures for the year ended June 30, 2018. Our review did not reveal any items that were paid from the Measure K General Obligation Bond proceeds that did not comply with the intended use of bond proceeds approved by the voters of the District on November 4, 2014. See Appendix A for a list of expenditures reviewed.
3. We examined payroll related expenditures aggregating \$1,055,742, which is 100 percent of the total Measure K Fund payroll related expenditures for the year ended June 30, 2018. Our review did not reveal any items that were paid from the Measure K General Obligation Bond proceeds that did not comply with the intended use of bond proceeds approved by the voters of the District on November 4, 2014.

CONCLUSION

The results of our tests indicated that, in all significant respects, the Fremont Union High School District has properly accounted for the expenditures held in the Measure K resources and that such expenditures were made for authorized Bond projects.

**FREMONT UNION HIGH SCHOOL DISTRICT
2014 MEASURE K FUND**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2018**

None reported.

FREMONT UNION HIGH SCHOOL DISTRICT**BUILDING FUND – 2014 MEASURE K GENERAL OBLIGATION BOND
RESOURCE****APPENDIX A – NONPAYROLL EXPENDITURES REVIEWED
FOR THE YEAR ENDED JUNE 30, 2018**

Date	Reference	Vendor	School Site	Project Description	Amount
1/25/2018	PO-170924	Blach Construction Company	Cupertino High School	New Classroom	\$ 3,381,052
11/8/2017	PO-170924	Blach Construction Company	Cupertino High School	New Classroom	2,553,027
12/7/2017	PO-170924	Blach Construction Company	Cupertino High School	New Classroom	2,538,653
2/26/2018	PO-170924	Blach Construction Company	Cupertino High School	New Classroom	2,502,801
8/14/2017	PO-170924	Blach Construction Company	Cupertino High School	New Classroom	2,289,524
1/2/2018	PO-170924	Blach Construction Company	Cupertino High School	New Classroom	2,217,445
9/21/2017	PO-170924	Blach Construction Company	Cupertino High School	New Classroom	2,214,075
3/27/2018	PO-170924	Blach Construction Company	Cupertino High School	New Classroom	1,717,974
1/2/2018	PO-170924	Blach Construction Company	Cupertino High School	New Classroom	434,066
6/19/2018	PO-170924	Blach Construction Company	Cupertino High School	New Classroom	114,223
4/17/2018	PO-172024	Lathrop Construction	Fremont High School	New GSS and Classroom	2,736,170
4/3/2018	PO-172024	Lathrop Construction	Fremont High School	New GSS and Classroom	2,168,108
5/25/2018	PO-172024	Lathrop Construction	Fremont High School	New GSS and Classroom	2,143,825
6/28/2018	PO-172024	Lathrop Construction	Fremont High School	New GSS and Classroom	2,084,326
2/1/2018	PO-172024	Lathrop Construction	Fremont High School	New GSS and Classroom	1,985,854
3/15/2018	PO-172024	Lathrop Construction	Fremont High School	New GSS and Classroom	1,789,054
9/7/2017	PO-172024	Lathrop Construction	Fremont High School	New GSS and Classroom	1,330,997
11/20/2017	PO-172024	Lathrop Construction	Fremont High School	New GSS and Classroom	1,319,684
12/14/2017	PO-172024	Lathrop Construction	Fremont High School	New GSS and Classroom	1,071,665

FREMONT UNION HIGH SCHOOL DISTRICT

**BUILDING FUND – 2014 MEASURE K GENERAL OBLIGATION BOND
RESOURCE**

**APPENDIX A – NONPAYROLL EXPENDITURES REVIEWED (Continued)
FOR THE YEAR ENDED JUNE 30, 2018**

Date	Reference	Vendor	School Site	Project Description	Amount
9/25/2017	PO-172024	Lathrop Construction	Fremont High School	New GSS and Classroom	1,054,642
11/2/2017	PO-172024	Lathrop Construction	Fremont High School	New GSS and Classroom	936,847
6/30/2018	EP-800550	Lathrop Construction	Fremont High School	New GSS and Classroom	1,883,562
7/6/2017	CL-700137	Blach Construction Company	Cupertino High School	New Classroom	1,489,242
9/11/2017	PO-170974	Lathrop Construction	Monta Vista High School	Building B Addition	1,274,408
11/2/2017	PO-170974	Lathrop Construction	Monta Vista High School	Building B Addition	564,155
11/2/2017	PO-170974	Lathrop Construction	Monta Vista High School	Building B Addition	286,530
6/28/2018	PO-170974	Lathrop Construction	Monta Vista High School	New GSS and Classroom	256,028
6/19/2018	PO-181384	Vallco Property Owner LLC	Adult Education	Temporary Housing at Vallco Mall	1,203,248
5/15/2018	PO-181384	Vallco Property Owner LLC	Adult Education	Temporary Housing at Vallco Mall	620,083
4/6/2018	PO-181384	Vallco Property Owner LLC	Adult Education	Temporary Housing at Vallco Mall	364,980
3/5/2018	PO-181384	Vallco Property Owner LLC	Adult Education	Temporary Housing at Vallco Mall	275,309
6/26/2018	PO-181094	Swinerton Builders	Homestead High School	Innovation Hub	1,101,544
3/23/2018	PO-181094	Swinerton Builders	Homestead High School	Innovation Hub	884,497
5/1/2018	PO-181094	Swinerton Builders	Homestead High School	Innovation Hub	880,834
3/27/2018	PO-181094	Swinerton Builders	Homestead High School	Innovation Hub	845,130
6/5/2018	PO-181094	Swinerton Builders	Homestead High School	Innovation Hub	683,300

FREMONT UNION HIGH SCHOOL DISTRICT

**BUILDING FUND – 2014 MEASURE K GENERAL OBLIGATION BOND
RESOURCE**

**APPENDIX A – NONPAYROLL EXPENDITURES REVIEWED (Continued)
FOR THE YEAR ENDED JUNE 30, 2018**

Date	Reference	Vendor	School Site	Project Description	Amount
11/2/2017	PO-171564	Overaa Construction Company	Lynbrook High School	Field Houses and Restroom	869,500
5/11/2018	PO-171564	Overaa Construction Company	Lynbrook High School	Field Houses and Restroom	847,211
2/1/2018	PO-171564	Overaa Construction Company	Lynbrook High School	Field Houses and Restroom	825,963
4/24/2018	PO-171564	Overaa Construction Company	Lynbrook High School	Field Houses and Restroom	802,330
12/18/2017	PO-171564	Overaa Construction Company	Lynbrook High School	Field Houses and Restroom	604,150
3/15/2018	PO-171564	Overaa Construction Company	Lynbrook High School	Field Houses and Restroom	458,499
1/25/2018	PO-171564	Overaa Construction Company	Lynbrook High School	Field Houses and Restroom	420,621
11/2/2017	PO-171564	Overaa Construction Company	Lynbrook High School	Field Houses and Restroom	406,328
9/7/2017	PO-171564	Overaa Construction Company	Lynbrook High School	Field Houses and Restroom	349,936
6/5/2018	PO-171564	Overaa Construction Company	Lynbrook High School	Field Houses and Restroom	235,284
Amount Tested					\$ 57,016,683
Non Payroll Expenditures					\$ 74,799,149
Percent Tested					76%