



Financial and Performance Audits
2014 Measure K Fund
June 30, 2020

Fremont Union High School District

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Financial Audit
2014 Measure K Fund
June 30, 2020

Fremont Union High School District



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Fremont Union High School District's (the "District"), 2014 Measure K Fund (the "Fund"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 2014 Measure K Fund of Fremont Union High School District as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Building Fund specific to 2014 Measure K are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2020, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

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

San Mateo, California
November 30, 2020

Fremont Union High School District
2014 Measure K Fund
Balance Sheet
June 30, 2020

Assets	
Cash and investments	\$ 93,690,228
Accounts receivable	<u>398,480</u>
Total assets	<u>\$ 94,088,708</u>
Liabilities and Fund Balance	
Liabilities	
Vendor payable	\$ 8,159,650
Due to the District	<u>1,190,292</u>
Total liabilities	<u>9,349,942</u>
Fund Balance	
Restricted for capital projects	<u>84,738,766</u>
Total liabilities and fund equity	<u>\$ 94,088,708</u>

Fremont Union High School District
 2014 Measure K Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Year Ended June 30, 2020

Revenues	
Interest	\$ 2,155,801
Increase in the fair value of investments	<u>1,104,266</u>
Total revenues	<u>3,260,067</u>
Expenditures	
Current	
Salaries and benefits	1,040,867
Supplies	96,318
Services and operating expenditures	360,335
Capital Outlay	<u>38,978,906</u>
Total expenditures	<u>40,476,426</u>
Deficiency of Revenues Over Expenditures	(37,216,359)
Other Financing Sources	
Transfers out	<u>(25,963)</u>
Net Change in Fund Balance	(37,242,322)
Fund Balance - Beginning	<u>121,981,088</u>
Fund Balance - Ending	<u><u>\$ 84,738,766</u></u>

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the 2014 Measure K Fund (the Fund) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

Financial Reporting Entity

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

Fund Accounting

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

Basis of Accounting

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

On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred.

Budgets and Budgetary Accounting

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

Encumbrances

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

Fund Balance - 2014 Measure K Fund

As of June 30, 2020, the fund balance is classified as restricted.

Restricted fund balance is the amount that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The fund balance can only be used for construction projects authorized by 2014 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.

Cash and Investments

Investments held at June 30, 2020, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Fair values of investments in county investment pools are determined by the program sponsor.

Note 2 - Investments

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 fairly 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.

Fair Value Measurements

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.

Uncategorized - Investment in the county treasury investment pool 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 County Treasury Investment pool has a daily redemption frequency period and a one day redemption notice period. Accordingly, the Fund's investment in the Santa Clara County Treasury is uncategorized.

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 cost and fair value of the investment with the county treasurer at June 30, 2020 was approximately \$92.59 million and \$93.69 million, respectively, with average maturity of 517 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County Pool is not rated as of June 30, 2020.

Note 3 - Accounts Receivable

Accounts receivable of \$398,480 at June 30, 2020, consisted of the only interest receivable.

Note 4 - General Long-term Debt

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

The following provides information on the outstanding general obligation bonds:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Redeemed	Bonds Outstanding June 30, 2020
04/08/15	8/1/2044	3.00-5.00%	\$ 100,000,000	\$ 82,000,000	\$ -	\$ 82,000,000
06/20/17	8/1/2046	2.00-5.00%	68,830,000	68,830,000	-	68,830,000
06/20/17	8/1/2030	3.00-4.00%	31,170,000	22,225,000	8,845,000	13,380,000
05/15/19	8/1/2046	3.00-5.00%	53,085,000	53,085,000	-	53,085,000
05/16/19	8/1/2034	5.00%	30,000,000	30,000,000	-	30,000,000
05/17/19	8/1/2019	2.33%	11,915,000	11,915,000	11,915,000	-
				<u>\$ 268,055,000</u>	<u>\$ 20,760,000</u>	<u>\$ 247,295,000</u>

The bonds mature through 2047 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2021	\$ 2,798,000	\$ 10,275,328	\$ 13,073,328
2022	4,015,000	10,155,914	14,170,914
2023	740,000	10,063,664	10,803,664
2024	1,728,000	10,010,290	11,738,290
2025	3,743,000	9,883,773	13,626,773
2026-2030	27,795,000	46,017,185	73,812,185
2031-2035	46,609,000	37,476,613	84,085,613
2036-2040	55,227,000	26,601,596	81,828,596
2041-2045	69,244,000	13,629,344	82,873,344
2046-2047	35,396,000	1,124,767	36,520,767
Total	<u>\$ 247,295,000</u>	<u>\$ 175,238,474</u>	<u>\$ 422,533,474</u>

Note 5 - Commitments and Contingencies

Construction Commitments

As of June 30, 2020, the District had the following commitments with respect to the unfinished capital projects which are funded by 2014 Measure K:

Capital Project	Expected Date of Completion	Remaining Construction Commitment
District office and adult education building	12/31/21	\$ 3,545,437
Fremont High School classroom modernization original building	12/31/21	1,143,939
Homestead High School (HHS) building A remodel	08/01/21	819,572
HHS GSS building and remove building D	09/30/20	1,111,763
Lynbrook High School (LHS) GSS building	09/21/21	15,898,457
LHS gym lobby	12/27/20	4,207,181
		<u>\$ 26,726,349</u>



Independent Auditor's Report
June 30, 2020

Fremont Union High School District



CPAs & BUSINESS ADVISORS

**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the Fremont Union High School District (the "District") 2014 Measure K Fund (the "Fund"), as of and for the year ended June 30, 2020, and the related notes of the financial statements, and have issued our report thereon dated November 30, 2020.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Fund specific to 2014 Measure K are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2020, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fremont Union High School District's 2014 Measure K Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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San Mateo, California
November 30, 2020

None reported.



Performance Audit
2014 Measure K Fund
June 30, 2020

Fremont Union High School District



Independent Auditor's Report on Performance

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

We were engaged to conduct a performance audit of the Fremont Union High School District (District), 2014 Measure K Fund (the "Fund") for the year ended June 30, 2020.

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

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

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

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

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

A handwritten signature in black ink that reads "Eide Bailly LLP".

San Mateo, California
November 30, 2020

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.

- Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

Objectives of the Audit

- 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.
- 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, 2019 to June 30, 2020. 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, 2020, were not reviewed or included within the scope of our audit or in this report.

Financial Summary

- 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. The remaining series of the bonds were issued in May 2019, with a face value of \$95,000,000.
- Total expenditures and commitments through June 30, 2020, were \$245,274,338 since inception.
- An analysis of expenditures as of June 30, 2020 is as follows:

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>
Expenditures			
Current expenditures			
Classified salaries and benefits	\$ 4,233,062	\$ 1,040,867	\$ 5,273,929
Supplies	765,868	96,318	862,186
Services and operating expenditures	2,437,408	360,335	2,797,743
Bond issuance costs	225,000	-	225,000
Capital outlay	<u>170,384,262</u>	<u>39,004,869</u>	<u>209,389,131</u>
Total expenditures	<u>\$ 178,045,600</u>	<u>\$ 40,502,389</u>	218,547,989
Contracted commitments as of June 30, 2020			<u>26,726,349</u>
Total expenditures and commitments			<u>\$ 245,274,338</u>

Available unspent funds from the bonds as of June 30, 2020 are:

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>
Revenues			
Bond proceeds	\$ 295,000,000	\$ -	\$ 295,000,000
Interest income	4,998,564	2,155,801	7,154,365
Fair market value adjustment	-	1,104,266	1,104,266
Other local sources	28,124	-	28,124
Expenditures	<u>(178,045,600)</u>	<u>(40,502,389)</u>	<u>(218,547,989)</u>
Total	<u>\$ 121,981,088</u>	<u>\$ (37,242,322)</u>	84,738,766
Contracted commitments as of June 30, 2020			<u>(26,726,349)</u>
Amount available			<u>\$ 58,012,417</u>

Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2020 for the 2014 Measure K Fund. Within the fiscal year audited, we obtained 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 the 2014 Measure K as to the approved bond projects list. We performed the following procedures:

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
2. We selected a sample of expenditures using the following criteria:
 - a. We considered all expenditures recorded in all object codes, including transfers out.
 - b. We considered all expenditures recorded in all projects that were funded from July 1, 2019 through June 30, 2020 from the 2014 Measure K bond proceeds.
 - c. We selected all expenditures that were individually significant expenditures. Individually significant expenditures were identified as individual transactions (expenditures) that exceeded approximately .5 percent of the total expenditures incurred.
 - d. For all items below the individually significant threshold identified in item 2c, judgmentally selected expenditures based on risk assessment and consideration of coverage of all object codes, including transfers out, and projects for period starting July 1, 2019 and ending June 30, 2020.
3. Our sample included non-payroll expenditures totaling \$28,816,927. This represents 73 percent of the total non-payroll expenditures of \$39,461,522. 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.

Our sample included payroll related expenditures aggregating \$1,040,867. This represents 100 percent of the total payroll related expenditures. 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.

4. We reviewed the actual invoices and other supporting documentation to determine that:
 - a. Expenditures were supported by invoices with evidence of proper approval and documentation of receipting goods or services.
 - b. Expenditures were supported by proper bid documentation, as applicable.
 - c. Expenditures were expended in accordance with voter-approved bond project list.
 - d. Bond proceeds were not used for salaries of school administrators or other operating expenses of the District.

5. We determined that the District has met the compliance requirement of 2014 Measure K if the following conditions were met:
 - a. Supporting documents for expenditures were aligned with the voter-approved bond project list.
 - b. Supporting documents for expenditures were not used for salaries of school administrators or other operating expenses of the Districts.

Conclusion

The results of our tests indicated that, in all significant respects, the Fremont Union High School District has properly accounted for the expenditures held in the 2014 Measure K and that such expenditures were made for authorized Bond projects in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

Fremont Union High School District
 Building Fund - 2014 Measure K General Obligation Bond Resource
 Appendix A – Nonpayroll Expenditures Reviewed
 Year Ended June 30, 2020

Date	Reference	Vendor	School Site	Project Description	Amount
8/16/2019	PO-180574	BLACH CONSTRUCTION	Fremont Union High School District	Educational Options Facility	\$ 2,922,981
8/16/2019	PO-181544	BLACH CONSTRUCTION	Lynbrook High School	Café and Quad	2,510,882
4/3/2020	PO-200274	LATHROP CONSTRUCTIO	Homestead High School	New GSS	1,778,080
9/6/2019	PO-191814	LATHROP CONSTRUCTIO	Monta Vista High School	Buildings A & C HV	1,467,742
5/15/2020	PO-200274	LATHROP CONSTRUCTIO	Homestead High School	New GSS Bldg	1,255,167
9/20/2019	PO-181544	BLACH CONSTRUCTION	Lynbrook High School	Café and Quad	1,050,123
6/30/2020	EP-000340	BLACH CONSTRUCTION	Lynbrook High School	GSS	1,004,634
6/30/2020	JE-000273	Lathrop PayApp#12 HHS GSS	Homestead High School	GSS	1,004,188
4/3/2020	PO-200274	LATHROP CONSTRUCTIO	Homestead High School	New GSS	930,941
9/20/2019	PO-180574	BLACH CONSTRUCTION	Fremont Union High School District	Educational Options Facility	885,051
6/30/2020	EP-000144	LATHROP CONSTRUCTIO	Homestead High School	New GSS	759,170
6/30/2020	PO-201444	BLACH CONSTRUCTION	Lynbrook High School	GSS	741,746
4/10/2020	PO-201494	BLACH CONSTRUCTION	Lynbrook High School	Gym Lobby	709,409
6/30/2020	EP-000146	LATHROP CONSTRUCTIO	Fremont High School	Original Bldg	666,478
2/28/2020	PO-200274	LATHROP CONSTRUCTIO	Homestead High School	New GSS	663,560
5/15/2020	PO-201494	BLACH CONSTRUCTION	Lynbrook High School	Gym Lobby	648,838

Fremont Union High School District
 Building Fund - 2014 Measure K General Obligation Bond Resource
 Appendix A – Nonpayroll Expenditures Reviewed
 Year Ended June 30, 2020

<u>Date</u>	<u>Reference</u>	<u>Vendor</u>	<u>School Site</u>	<u>Project Description</u>	<u>Amount</u>
12/13/2019	PO-200274	LATHROP CONSTRUCTIO	Homestead High School	BLDG D demoliiton	629,882
6/30/2020	PO-201494	BLACH CONSTRUCTION	Lynbrook High School	Gym Lobby	513,633
2/21/2020	PO-200274	LATHROP CONSTRUCTIO	Homestead High School	New GSS	487,815
1/3/2020	PO-200274	LATHROP CONSTRUCTIO	Homestead High School	New GSS Demo	483,663
9/20/2019	PO-191814	LATHROP CONSTRUCTIO	Monta Vista High School	Buildings A & C	465,585
5/15/2020	PO-201494	BLACH CONSTRUCTION	Lynbrook High School	Gym Seismic Retrofit	460,993
5/15/2020	PO-192264	QUATTROCCHI KWOK AR	Adult Education	Ed/DO Campus	452,475
6/30/2020	PO-201494	BLACH CONSTRUCTION	Lynbrook High School	Gym Lobby	391,482
10/18/2019	PO-190384	BLACH CONSTRUCTION	Fremont Union High School District	Educational Ops Facility	374,218
4/10/2020	PO-201494	BLACH CONSTRUCTION	Fremont Union High School District	Educational Ops Facility	317,511
10/25/2019	PO-181544	BLACH CONSTRUCTION	Lynbrook High School	Café & Quad	292,228
9/13/2019	PO-191944	ONE WORKPLACE L. FE	Monta Vista High School	Bldg ABC	130,137
10/8/2019	PO-200524	CTC DESIGN INC	Multi Site	Multisite-Master planning	3,320
3/17/2020	PO-200524	CTC DESIGN INC	Lynbrook High School	Gym Lobby	463
1/24/2020	PO-200814	ONE WORKPLACE L. FE	Monta Vista High School	Bldg ABC	6,413
11/19/2019	PO-190984	MCKIM DESIGN GROUP	Cupertino High School	Science Bldg Roofing	828

Fremont Union High School District
 Building Fund - 2014 Measure K General Obligation Bond Resource
 Appendix A – Nonpayroll Expenditures Reviewed
 Year Ended June 30, 2020

Date	Reference	Vendor	School Site	Project Description	Amount
6/30/2020	EP-000268	HAZMAT DOC	Lynbrook High School	GSS	18,505
3/13/2020	PO-201684	INTEGRATED RESOURCE	Lynbrook High School	GSS Bldg & Adult Ed Campus	6,145
10/15/2019	PO-191504	CTC DESIGN INC	Monta Vista High School	Buildings A & C	4,900
5/29/2020	PO-200114	COLOR FOLIO DESIGN	Cupertino High School	Building 500	63
6/30/2020	EP-000342	BLACH CONSTRUCTION	Lynbrook High School	Gym Seismic Retrofit	288,303
6/26/2020	PO-191334	QUATTROCCHI KWOK AR	Lynbrook High School	GSS Bldg & Adult Ed Campus	280,891
8/30/2019	PO-192274	LATHROP CONSTRUCTIO	Homestead High School	New GSS Demo	280,881
6/30/2020	EP-000341	BLACH CONSTRUCTION	Lynbrook High School	Café & Quad	273,548
10/25/2019	PO-190334	CAW ARCHITECTS INC	Fremont High School	Main Bldg Modernization	254,718
7/30/2019	PO-192334	DIMENSION DATA NORT	District-wide	District-wide-technology	237,847
11/5/2019	PO-190334	CAW ARCHITECTS INC	Fremont High School	Main Bldg Modernization	210,763
9/20/2019	PO-190384	BLACH CONSTRUCTION	Fremont Union High School District	Educational Options Facility	193,691
6/30/2020	EP-000343	BLACH CONSTRUCTION	Cupertino High School	Building 500	1,281,296
5/28/2020	PO-201674	BLACH CONSTRUCTION	Cupertino High School	Building 500 Re-RoOf/HVAC	935,543
4/30/2020	PO-201674	BLACH CONSTRUCTION	Cupertino High School	Building 500	300,261

Fremont Union High School District
 Building Fund - 2014 Measure K General Obligation Bond Resource
 Appendix A – Nonpayroll Expenditures Reviewed
 Year Ended June 30, 2020

Date	Reference	Vendor	School Site	Project Description	Amount
3/31/2020	PO-201674	BLACH CONSTRUCTION	Cupertino High School	Building 500 Re- RoOf/HVAC	239,933
Amount Tested					\$ 28,816,927
Non Payroll Expenditures					\$ 39,461,522
Percent Tested					73%