Financial and Performance Audits
Building Fund (2018 Measure CC)
June 30, 2023

Fremont Union High School District

Financial Audit

Independent Auditor's Report 1

Financial Statements

Balance Sheet 3
Statement of Revenues, Expenditures, and Changes in Fund Balance 4
Notes to Financial Statements 5

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* 10

Schedule of Findings and Questioned Costs

Financial Statement Findings 12
Summary Schedule of Prior Audit Findings 13

Performance Audit

Independent Auditor's Report on Performance 14

Authority for Issuance 15

Purpose of Issuance 15

Authority for the Audit 16

Objectives of the Audit 17

Scope of the Audit 17

Financial Summary 17

Methodology 18

Conclusion 19

Appendix A – Nonpayroll Expenditures Reviewed 20

Financial Audit
Building Fund (2018 Measure CC)
June 30, 2023

Fremont Union High School District

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Building Fund (2018 Measure CC) of the Fremont Union High School District's (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund (2018 Measure CC) of the District as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Building Fund specific to 2018 Measure CC, and do not purport to, and do not, present fairly the financial position of Fremont Union High School District as of June 30, 2023, 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.

Responsibilities of Management for the Financial Statements

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

Menlo Park, California
December 5, 2023

Fremont Union High School District
Building Fund (2018 Measure CC)
Balance Sheet
June 30, 2023

Assets	
Deposits and investments	$ 138,031,047
Accounts receivable	560,334
Due from other funds	985,425
Total assets	$ 139,576,806
Liabilities and Fund Balance	
Liabilities	
Accounts payable	$ 9,113,566
Due to other funds	6,915
Total liabilities	9,120,481
Fund Balance	
Restricted for capital projects	130,456,325
Total fund balance	130,456,325
Total liabilities and fund balance	$ 139,576,806

Fremont Union High School District
Building Fund (2018 Measure CC)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2023

Revenues	
Interest income	$ 1,689,870
Unrealized loss on investments with County	(1,574,403)
Total revenues	115,467
Expenditures	
Current	
Salaries and benefits	1,095,695
Supplies	12,984
Services and other operating expenditures	667,412
Capital outlay	65,826,962
Total expenditures	67,603,053
Deficiency of Revenues over Expenditures	(67,487,586)
Other Financing Sources	
Proceeds from bond issuance	110,000,000
Transfers in	62,318
Total other financing sources	110,062,318
Net Change in Fund Balance	42,574,732
Fund Balance - Beginning	87,881,593
Fund Balance - Ending	$ 130,456,325

Note 1 - Summary of Significant Accounting Policies

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

Financial Reporting Entity

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

Fund Accounting

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

Basis of Accounting

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

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.

Fund Balance - Building Fund (2018 Measure CC)

As of June 30, 2023, 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.

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

Policies and Practices

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

Investment in County Treasury

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

General Authorizations

Limitations as they relate to interest rate risk, credit 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	180 days	25%	10%
Negotiable Certificates of Deposit	1 years	30%	None
Repurchase Agreements	1 year	20%	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 is to changes in market interest rates. The Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Fund manages its exposure to interest rate risk by investing in the Santa Clara County Treasury Investment Pool. The fair value of the investment with the county treasurer at June 30, 2023 was approximately $130.9 million, respectively, with average maturity of 648 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, 2023.

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 not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. The District does not have any significant exposure to custodial credit risk.

Note 3 - 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 inputs – quoted prices in active markets for identical assets.
- Level 2 inputs – quoted prices in active or inactive for the same or similar assets.
- Level 3 inputs – estimates using the best information available when there is little or no market.

As of June 30, 2023, the District’s investments in the Santa Clara County Treasury Investment Pool and State Investment Pools are uncategorized**.**

Note 4 - Receivables

Receivables of $560,334 at June 30, 2023, consisted of only interest receivable.

Note 5 - Payables

Payables of $9,113,566 at June 30, 2023, consisted of the $7,099 accrued payroll and benefits and $9,106,467 vendors payable.

Note 6 - Interfund Receivables/Payables (Due to/Due from)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2023, consisted of $985,425 due from the District's General Fund, Building Fund (2022 Measure G) and $6,915 due to Building Fund (2014 Measure K). These balances resulted from the time lag between the date the interfund reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers for the year ended June 30, 2023 were received from Building Fund (2022 Measure G) in the amount of $62,318.

Note 7 - Commitments and Contingencies

Litigation

The District is not currently a party to any legal proceedings related to the Building Fund (2018 Measure CC) as of June 30, 2023.

Construction Commitments

As of June 30, 2023, the District had the following commitments with respect to the unfinished capital projects which are funded by 2018 Measure CC:

Capital Project	Expected Date of Completion	Commitment
District Site - Adult Ed Classroom Conversion	06/30/24	$ 248,075
District Site - Maintenance Yard Modernization	10/31/23	3,682,629
District Site - Solar & Parking Lot Improvements	12/31/24	2,583,488
District Wide - Technology Upgrades & Replacement	06/30/24	875,076
CHS - Classroom Modernization Bldg 100	07/31/23	30,953
CHS - Classroom Modernization Bldg 200 and Wellness	10/31/23	2,717,997
CHS - Classroom Modernization Bldg 400	07/31/23	30,393
CHS - Classroom Modernization Bldg 700	10/31/23	906,995
FHS - Athletic Field Improvements	07/31/23	37,542
FHS - Classroom Modernization Science Bldg	10/31/23	3,814,303
FHS - New Field House & Boys/Girls Locker Room	10/31/23	1,297,951
HHS - Classroom Modernization Bldg A Seismic Upgrade	07/31/23	326,756
HHS - Classroom Modernization Bldg B & Seismic Upgrade	10/31/23	1,281,203
HHS - Classroom Modernization Science Bldg	10/31/2023	5,109,134
HHS - Library Quad Improvements	12/31/2023	2,007,071
LHS - Classroom Modernization Bldg 000	12/31/2024	286,989
LHS - Classroom Modernization Bldg 300 & Site	12/31/2024	646,119
LHS - Classroom Modernization Bldg 400	12/31/2025	350,455
LHS - Classroom Modernization Bldg 500	12/31/2025	6,521
LHS - New Science Bldg	10/31/2023	6,009,238
LHS - New Voyager Bldg	10/31/24	678,208
MVHS - Classroom Modernization Bldg F1	07/31/23	68,912
MVHS - Classroom Modernization Bldg F3	12/31/23	3,115,074
	Total	$ 36,111,081

Independent Auditor's Report
June 30, 2023

Fremont Union High School District

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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 Fremont Union High School District (the "District") Building Fund (2018 Measure CC) (the "Fund"), as of and for the year ended June 30, 2023, and the related notes of the financial statements, and have issued our report thereon dated December 5, 2023.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Building Fund specific to 2018 Measure CC are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2023, 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.

Report on 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) 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 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, significant deficiencies or material weaknesses. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fremont Union High School District's Building Fund (2018 Measure CC) 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.

Menlo Park, California
December 5, 2023

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Performance Audit
Building Fund (2018 Measure CC)
June 30, 2023

Fremont Union High School District

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CPAs & BUSINESS ADVISORS

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), Building Fund (2018 Measure CC) (the "Fund") for the year ended June 30, 2023.

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 XIIIA, Section 1(b)(3)(C) of the California Constitution and Appendix A contained in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* issued by the California Education Audit Appeals Panel. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIIIA, 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 Building Fund (2018 Measure CC) only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIIIA, 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.

Menlo Park, California
December 5, 2023

Authority for Issuance

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

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

On May 23, 2023, The District issued Election of 2018, Series 2023 General Obligation Bonds in the amount of $110,000,000. Repayment of the Bonds is made from the special parcel tax revenues levied in connection with this bond issuance. The bonds bear a 3.93% interest rate and is scheduled to mature through August 1, 2043.

Purpose of Issuance

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

Authority for the Audit

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

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIIIA, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

2. The school district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.

3. Requires the school district to appoint a citizens' oversight committee.

4. Requires the school district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.

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

Objectives of the Audit

1. Determine whether expenditures charged to the Fund have been made in accordance with the bond project list approved by the voters through the approval of 2018 Measure CC.

2. Determine whether salary transactions, charged to the Fund were in support of 2018 Measure CC and not for District general administration or operations.

Scope of the Audit

The scope of our performance audit covered the period of July 1, 2022 to June 30, 2023. 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, 2023, were not reviewed or included within the scope of our audit or in this report.

Financial Summary

1. The funds were authorized at an election of the registered voters of the District held on November 6, 2018. The bonds were authorized at an issuance of $275,000,000 for the purpose of financing the upgrade of safety and security of school facilities. The first series of the bonds were issued in May 2019, with a face value of $55,000,000. The second and third series of the bonds were issued in May 2021, with a face value of $80,000,000 and $30,000,000.

   On May 23, 2023, the District issued Election of 2018, Series 2023 General Obligation Bonds in the amount of $110,000,000. Repayment of the Bonds is made from the special parcel tax revenues levied in connection with the bond issuance. The bonds bear a 5.00-5.45% interest rate and is scheduled to mature through August 1, 2043.

2. Total expenditures and commitments through June 30, 2023, were $191,463,774 since inception.

3. An analysis of expenditures as of June 30, 2023 is as follows:

	Prior Periods	Current Year	Total
Expenditures			
Current expenditures			
Salaries and benefits	$ 570,658	$ 1,095,695	$ 1,666,353
Supplies	23,394	12,984	36,378
Services and operating expenditures	631,879	667,412	1,299,291
Bond issuance costs	308,765	-	308,765
Capital outlay	86,214,944	65,826,962	152,041,906
Total expenditures	$ 87,749,640	$ 67,603,053	155,352,693
Contracted commitments as of June 30, 2023			36,111,081
Total expenditures and commitments			$ 191,463,774

Available unspent funds from the bonds as of June 30, 2023 are:

	Prior Periods	Current Year	Total
Revenues			
Bond proceeds	$ 165,000,000	$ 110,000,000	$ 275,000,000
Reimbursement from state sources	10,391,174	62,318	10,453,492
Local source	37,350	-	37,350
Interest income	2,735,851	1,689,870	4,425,721
Fair market value adjustment	(2,533,142)	(1,574,403)	(4,107,545)
Expenditures	(87,749,640)	(67,603,053)	(155,352,693)
Total	$ 87,881,593	$ 42,574,732	130,456,325
Contracted commitments as of June 30, 2023			(36,111,081)
Amount available			$ 94,345,244

Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2023, for the Building Fund (2018 Measure CC). 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 XIIIA, Section 1(b)(3)(C) of the California Constitution and 2018 Measure CC as to the approved bond projects list. We performed the following procedures:

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.

2. We selected a sample of expenditures using the following criteria:
   a. We considered all expenditures recorded in all object codes, including transfers out.
   b. We considered all expenditures recorded in all projects that were funded from July 1, 2022 through June 30, 2023 from the 2018 Measure CC bond proceeds.
   c. We selected all expenditures that were individually significant expenditures. Individually significant expenditures were identified based on our assessment of materiality.
   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, 2022 and ending June 30, 2023.

3. Our sample included non-payroll expenditures totaling $47,396,324. This represents 71% of the total non-payroll expenditures of $66,507,358. In addition, we tested payroll expenditures totaling $742,586. This represents 97% of the total payroll expenditures of $769,496. See Appendix A for a list of non-payroll expenditures reviewed.

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

5. We determined that the District has met the compliance requirement of 2018 Measure CC if the following conditions were met:
   a. Supporting documents for expenditures were aligned with the voter-approved bond project list.
   b. Supporting documents for expenditures were not used for salaries of school administrators or other operating expenses of the Districts.

Conclusion

The results of our tests indicated that, in all significant respects, the Fremont Union High School District has properly accounted for the expenditures held in the Building Fund (2018 Measure CC) and that such expenditures were made for authorized Bond projects. Further, it was noted funds held in the Building Fund (2018 Measure CC) and expended by the District were used for salaries only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

Date	Reference	Vendor	School Site and Project	Amount
12/2/2022	PO-210884	BLACH CONSTRUCTION	HHS BLDG B Modernization	2,221,818
1/20/2023	PO-221774	BLACH CONSTRUCTION	Maintanence Building Project	1,848,693
11/4/2022	PO-210884	BLACH CONSTRUCTION	HHS BLDG B Modernization	1,847,069
9/27/2022	PO-221764	LATHROP CONSTRUCTION	MVHS BLDG F1	1,661,061
12/13/2022	PO-221774	BLACH CONSTRUCTION	Maintanence Building Project	1,633,974
2/7/2023	PO-210884	BLACH CONSTRUCTION	HHS BLDG B Modernization	1,608,385
3/3/2023	PO-210884	BLACH CONSTRUCTION	HHS BLDG B Modernization	1,324,156
8/30/2022	PO-221364	LATHROP CONSTRUCTION	FHS BLDGS 70&80	1,206,027
8/30/2022	PO-221774	BLACH CONSTRUCTION	Maintanence Building Project	1,193,496
9/30/2022	PO-210884	BLACH CONSTRUCTION	HHS BLDG B Modernization	1,185,243
3/3/2023	PO-221774	BLACH CONSTRUCTION	Maintanence Building Project	1,121,259
8/30/2022	PO-210884	BLACH CONSTRUCTION	HHS BLDG B Modernization	1,048,729
8/30/2022	PO-221764	LATHROP CONSTRUCTION	MVHS BLDG F1	1,038,567
2/7/2023	PO-221834	BLACH CONSTRUCTION	LHS New Science BLDG	1,037,817
10/25/2022	PO-221774	BLACH CONSTRUCTION	Maintanence Building Project	1,034,373
3/3/2023	PO-221834	BLACH CONSTRUCTION	LHS New Science BLDG	1,020,186
9/2/2022	PO-202164	BLACH CONSTRUCTION	HHS BLDG B Modernization	884,252
10/28/2022	PO-221834	BLACH CONSTRUCTION	LHS New Science BLDG	859,497
11/4/2022	PO-221774	BLACH CONSTRUCTION	Maintanence Building Project	855,498
1/20/2023	PO-221834	BLACH CONSTRUCTION	LHS New Science BLDG	853,349
9/30/2022	PO-221364	LATHROP CONSTRUCTION	FHS BLDGS 70&80	828,676
1/6/2023	PO-210884	BLACH CONSTRUCTION	HHS BLDG B Modernization	823,325
8/30/2022	PO-221364	LATHROP CONSTRUCTION	FHS BLDGS 70&80	804,018
1/13/2023	PO-221874	ROBERT A BOTHMAN INC	FHS Athletic Field	673,357
8/30/2022	PO-221344	BLACH CONSTRUCTION	CHS BLDGS 100&400	651,348
8/30/2022	PO-221344	BLACH CONSTRUCTION	CHS BLDGS 100&400	651,348
2/7/2023	PO-221774	BLACH CONSTRUCTION	Maintanence Building Project	565,903
12/13/2022	PO-221874	ROBERT A BOTHMAN INC	FHS Athletic Field	560,565
9/30/2022	PO-221364	LATHROP CONSTRUCTION	FHS BLDGS 70&80	552,451
10/21/2022	PO-221874	ROBERT A BOTHMAN INC	FHS Athletic Field	535,206
9/30/2022	PO-202164	BLACH CONSTRUCTION	HHS BLDG B Modernization	528,107
10/28/2022	PO-221344	BLACH CONSTRUCTION	CHS BLDGS 100&400	524,616
6/30/2023	PO-221834	BLACH CONSTRUCTION	Lynbrook Science Building	2,136,017
6/30/2023	PO-210884	BLACH CONSTRUCTION	Homestead Building B Seismic Upgrade	2,006,012
5/31/2023	PO-221774	BLACH CONSTRUCTION	Maintanence Building Project	1,943,998
6/9/2023	PO-210884	BLACH CONSTRUCTION	Homestead Building B Seismic Upgrade	1,909,080
5/16/2023	PO-210884	BLACH CONSTRUCTION	Homestead Building B Seismic Upgrade	1,668,521
6/30/2023	PO-221834	BLACH CONSTRUCTION	Lynbrook Science Building	1,600,083
6/30/2023	EP-300373	BLACH CONSTRUCTION	Maintanence Building Project	1,474,181
4/28/2023	PO-221774	BLACH CONSTRUCTION	Maintanence Building Project	1,058,636
2/7/2023	PO-202314	BLACH CONSTRUCTION	New Construction	417,423
			Amount Tested	**$ 47,396,324**
			Non Payroll Expenditures	**$ 66,507,358**
			Percent Tested	**71%**