Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES

Board of Education and
Independent Citizens' Bond Oversight Committee
Fresno Unified School District
Fresno, California

We have performed the procedures enumerated in Attachment II, which were agreed to by Fresno Unified School District (the "District") and the Independent Citizens' Bond Oversight Committee for Measure Q (the "Committee"), solely to assist the Committee in evaluating District management's assertions concerning expenditures of bond funds for the period January 1, 2017 through March 31, 2017. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the District and the Committee. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment II either for the purpose for which this report has been requested or for any other purpose.

Background information related to the bonds is included in Attachment I. The procedures performed and conclusions reached as a result of these procedures are identified in Attachment II.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed other procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of Fresno Unified School District and the Independent Citizens' Bond Oversight Committee for Measure Q and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Crowe Horwath LLP

Sacramento, California
April 25, 2017

FRESNO UNIFIED SCHOOL DISTRICT
BACKGROUND INFORMATION

LEGISLATIVE HISTORY

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, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55% of the electorate.

FRESNO UNIFIED SCHOOL DISTRICT MEASURE Q GENERAL OBLIGATION BONDS

On November 2, 2010, the electorate of the Fresno Unified School District approved the issuance of up to $280,000,000 in general obligation bonds with greater than 55% of the votes in favor. The abbreviated text of the ballot language was as follows:

"To offset state budget cuts, attract quality teachers, and repair classrooms by:

- *Upgrading vocational education classrooms/science labs/technology/libraries;*
- *Improving security/fire safety/restrooms/plumbing/ventilation systems;*
- *Increasing handicapped access;*
- *Securing state matching funds;*
- *Preventing dropouts by improving alternative schools;*
- *Acquiring, constructing, repairing campuses/facilities/equipment;*

Shall Fresno Unified School District issue $280 million in bonds requiring audits, citizens' oversight, no money for administrators' salaries, no money for Sacramento and no tax rate increase?"

The project list identified in the ballot language was specified in greater detail by the District's Board of Education.

In October 2011, the District issued Measure Q General Obligation Bonds, Series A, in the amount of $29,561,373 and Series B, in the amount of $50,434,849.

In August 2013, the District issued Measure Q General Obligation Bonds, Series C, in the amount of $54,997,540.

In September 2014, the District issued Measure Q General Obligation Bonds, Series D, in the amount of $59,996,789.

In September 2015, the District issued Measure Q General Obligation Bonds, Series E, in the amount of $54,998,095.

In September 2016, the District issued Measure Q General Obligation Bonds, Series F, in the amount of $30,010,000.

FRESNO UNIFIED SCHOOL DISTRICT
PROCEDURES PERFORMED AND CONCLUSIONS

PROCEDURES PERFORMED

Fresno Unified School District provided a list of all Measure Q project expenditures from January 1, 2017 through March 31, 2017 (the "List"). An approximate total of 847 items were identified representing $8,905,905 in expenditures. We performed the following procedures to the List of Measure Q bond expenditures:

- Verified the mathematical accuracy of the List.

- Selected a sample of 25 expenditures totaling $4,056,568. The sample was selected to provide a representation across all construction projects, vendors and expenditure amounts. The sample represented approximately 3% of the total number of expenditures and 46% of the total expenditure value. Obtained purchase orders and invoices for each of the 25 expenditures; verified that the expenditures properly charged to the location indicated, were properly coded as to the nature of the expenditure and were made for the acquisition and construction of school facilities, including the furnishing and equipping of school facilities, and that funds were not spent for administrative salaries.

CONCLUSIONS

- The List was mathematically accurate.

- Each of the 25 expenditures tested represented valid Bond expenditures, were properly charged to the location indicated, were properly coded as to the nature of the expenditure and were determined to represent acquisition and construction of school facilities, including the furnishing and equipping of school facilities, and were not spent for administrative salaries.