



Financial and Performance Audits  
Building Fund (2018 Measure CC)  
June 30, 2022

# Fremont Union High School District

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Financial Audit  
Building Fund (2018 Measure CC)  
June 30, 2022

# 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, 2022, 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, 2022, 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, 2022, 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.

### ***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 13, 2022 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 13, 2022

Fremont Union High School District  
Building Fund (2018 Measure CC)  
Balance Sheet  
June 30, 2022

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Assets	
Deposits and investments	\$ 96,785,501
Accounts receivable	270,783
Due from other funds	<u>529,517</u>
Total assets	<u><u>\$ 97,585,801</u></u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 9,690,792
Due to other funds	<u>13,416</u>
Total liabilities	<u>9,704,208</u>
Fund Balance	
Restricted for capital projects	<u>87,881,593</u>
Total fund balance	<u>87,881,593</u>
Total liabilities and fund balance	<u><u>\$ 97,585,801</u></u>

Fremont Union High School District  
Building Fund (2018 Measure CC)  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Year Ended June 30, 2022

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Revenues	
Local source	\$ 37,350
Interest income	981,294
Unrealized loss on investments with County	<u>(3,116,165)</u>
Total revenues	<u>(2,097,521)</u>
Expenditures	
Current	
Salaries and benefits	564,130
Supplies	11,465
Services and other operating expenditures	81,658
Capital outlay	<u>50,016,163</u>
Total expenditures	<u>50,673,416</u>
Net Change in Fund Balance	(52,770,937)
Fund Balance - Beginning	<u>140,652,530</u>
Fund Balance - Ending	<u>\$ 87,881,593</u>

## **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, 2022, 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, 2022 was approximately \$96.8 million, respectively, with average maturity of 738 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, 2022.

### **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, 2022, the District's investments in the Santa Clara County Treasury Investment Pool and State Investment Pools are uncategorized.

### **Note 4 - Receivables**

Receivables of \$270,783 at June 30, 2022, consisted of only interest receivable.

### **Note 5 - Payables**

Payables of \$9,690,792 at June 30, 2022, consisted of the \$5,317 accrued payroll and benefits and \$9,685,475 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, 2022, consisted of \$529,517 due from the District’s General Fund and \$13,416 due to 2014 Measure K Fund. 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.

**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, 2022.

**Construction Commitments**

As of June 30, 2022, 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 - New Adult Ed/D.O. Campus	07/31/22	\$ 3,002,648
District Site - Maintenance Yard Modernization	09/30/23	18,825,688
CHS - Classroom Modernization Bldg 100	08/30/22	3,225,671
CHS - Classroom Modernization Bldg 400	09/30/22	3,223,194
FHS - Classroom Modernization Original Building	08/31/22	1,720,978
FHS - Classroom Modernization Bldg 70	10/31/22	1,915,328
FHS - Classroom Modernization Bldg 80	10/31/22	2,784,848
FHS - New Restroom Bldg.	01/31/23	323,318
FHS - Athletic Field Improvements	01/31/23	3,285,744
HHS - Classroom Modernization Bldg A & Sesimc Upgrades	10/31/22	2,704,024
HHS - Classroom Modernization Bldg B & Seismic	09/30/23	17,277,042
HHS - Classroom Modernization Science Bldg	09/30/23	357,844
LHS - Auditorium Lobby & Promenade Modernization	08/31/22	405,351
LHS - Master Planning	TBD	70,338
LHS - Classroom Modernization Bldg 100	TBD	94,764
LHS - Classroom Modernization Bldg 200	TBD	94,764
LHS - Classroom Modernization Bldg 300	TBD	114,852
LHS - Classroom Modernization Bldg 400	TBD	67,822
LHS - Classroom Modernization Bldg 500	TBD	95,039
LHS - Classroom Modernization Bldg 600	TBD	94,790
LHS - New Science Building	10/31/23	3,605,595
LHS - Athletic Field Improvements	07/31/22	299,149
MVHS - Classroom Modernization Bldg F1	10/31/22	4,128,958
Total		<u>\$ 67,717,747</u>



Independent Auditor's Report  
June 30, 2022

# Fremont Union High School District



**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, 2022, and the related notes of the financial statements, and have issued our report thereon dated December 13, 2022.

***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, 2022, 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Menlo Park, California  
December 13, 2022

None reported.



Fremont Union High School District  
Building Fund (2018 Measure CC)  
Summary Schedule of Prior Audit Findings  
June 30, 2022

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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, 2022

# 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), Building Fund (2018 Measure CC) (the "Fund") for the year ended June 30, 2022.

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 and Appendix A contained in the *2020-2021 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 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 Building Fund (2018 Measure CC) 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". The signature is written in a cursive, flowing style.

Menlo Park, California  
December 13, 2022

### **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.

### **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 21<sup>st</sup> 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 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.

**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, 2021 to June 30, 2022. 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, 2022, 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.
2. Total expenditures and commitments through June 30, 2022, were \$155,467,387 since inception.
3. An analysis of expenditures as of June 30, 2022 is as follows:

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>
Expenditures			
Current expenditures			
Salaries and benefits	\$ 6,528	\$ 564,130	\$ 570,658
Supplies	11,929	11,465	23,394
Services and operating expenditures	550,221	81,658	631,879
Bond issuance costs	308,765	-	308,765
Capital outlay	<u>36,198,781</u>	<u>50,016,163</u>	<u>86,214,944</u>
Total expenditures	<u>\$ 37,076,224</u>	<u>\$ 50,673,416</u>	87,749,640
Contracted commitments as of June 30, 2022			<u>67,717,747</u>
Total expenditures and commitments			<u>\$ 155,467,387</u>

Available unspent funds from the bonds as of June 30, 2022 are:

	Prior Periods	Current Year	Total
Revenues			
Bond proceeds	\$ 165,000,000	\$ -	\$ 165,000,000
Reimbursement from state sources	10,391,174	-	10,391,174
Local source	-	37,350	37,350
Interest income	1,754,557	981,294	2,735,851
Fair market value adjustment	583,023	(3,116,165)	(2,533,142)
Expenditures	(37,076,224)	(50,673,416)	(87,749,640)
Total	\$ 140,652,530	\$ (52,770,937)	87,881,593
Contracted commitments as of June 30, 2022			(67,717,747)
Amount available			\$ 20,163,846

### Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2022, 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 XIII A, 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, 2021 through June 30, 2022 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, 2021 and ending June 30, 2022.
3. Our sample included non-payroll expenditures totaling \$42,070,963. This represents 84% of the total non-payroll expenditures of \$50,109,286. In addition, we tested payroll expenditures totaling \$555,408. This represents 98% of the total payroll expenditures of \$564,130. 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.

Fremont Union High School District  
 Building Fund - 2018 Measure CC General Obligation Bond Resource  
 Appendix A – Nonpayroll Expenditures Reviewed  
 Year Ended June 30, 2022

<u>Date</u>	<u>Reference</u>	<u>Vendor</u>	<u>School Site and Project</u>	<u>Amount</u>
09/28/21	PO-202314	Blach Construction	Adult education center and DO	\$ 1,915,154
08/27/21	PO-211374	Lathrop Construction	MVHS building D	1,891,680
08/27/21	PO-202154	Lathrop Construction	FHS original building and construction	1,884,994
08/27/21	PO-202314	Blach Construction	Adult education center and DO	1,805,408
10/29/21	PO-202314	Blach Construction	Adult education center and DO	1,648,263
10/12/21	PO-202154	Lathrop Construction	FHS original building and construction	1,398,434
03/18/22	PO-202154	Lathrop Construction	FHS original building and construction	1,319,806
02/08/22	PO-202154	Lathrop Construction	FHS original building and construction	1,270,631
08/27/21	PO-211274	Blach Construction	Adult education center and DO	1,159,260
03/25/22	PO-211194	Robert A Bothman	LHS athletic field improvement	1,092,210
01/25/22	PO-202154	Lathrop Construction	FHS original building and construction	1,018,918
4/29/2022	PO-202154	Lathrop Construction	Adult education center and DO	1,017,324
6/30/2022	EP-200200	Blach Construction	FHS original building and construction	1,012,219
6/30/2022	EP-200201	Blach Construction	HHS building A seismic	1,011,207
11/30/21	PO-202154	Lathrop Construction	FHS original building and construction	945,429
6/30/2022	EP-200205	Blach Construction	CHS bldg 100 & 400 modernization	884,392
6/30/2022	EP-200204	Blach Construction	CHS bldg 100 & 400 modernization	884,392
01/05/22	PO-202154	Lathrop Construction	FHS original building and construction	846,549
12/14/21	PO-211194	Robert A Bothman	LHS athletic field improvement	827,778
12/14/21	PO-211194	Robert A Bothman	LHS athletic field improvement	827,778
6/28/2022	PO-202164	Blach Construction	HHS building A seismic	774,058
11/19/21	PO-211194	Robert A Bothman	LHS athletic field improvement	761,278
01/05/22	PO-211544	Blach Construction	LHS auditorium lobby and promenade	727,792
12/07/21	PO-202314	Blach Construction	HHS building A seismic	678,651
11/16/21	PO-201024	Quattrochi Kwok	HHS building A B C and L modernization	665,062
11/16/21	PO-201024	Quattrochi Kwok	HHS building A B C and L modernization	665,062
4/29/2022	PO-211544	Blach Construction	LHS auditorium lobby and promenade	649,750
03/01/22	PO-211544	Blach Construction	LHS auditorium lobby and promenade	649,904
10/01/21	PO-211274	Blach Construction	CHS building 300 modernization	639,292
6/30/2022	EP-200210	Lathrop Construction	MVHS building F 1	608,084
02/08/22	PO-211374	Lathrop Construction	MVHS building D	605,036
6/30/2022	EP-200209	Lathrop Construction	Fremont HS- Mod. Wings 70 & 80	604,996
4/1/2022	PO-211544	Blach Construction	LHS auditorium lobby and promenade	586,423
10/26/21	PO-211374	Lathrop Construction	MVHS building D modernization	568,729
2/1/2022	PO-211544	Blach Construction	LHS auditorium lobby and promenade	527,905
12/3/2021	PO-211544	Blach Construction	LHS auditorium lobby & promenade	523,399
8/20/2021	PO-211194	Robert A Bothman	LHS athletic field improvement	492,227
6/28/2022	PO-221344	Blach Construction	CHS bldg 100 & 400 modernization	477,541
6/28/2022	PO-221344	Blach Construction	CHS bldg 100 & 400 modernization	477,541
6/28/2022	PO-221364	Lathrop Construction	FHS original building and construction	466,151
10/5/2021	PO-192264	Quattrochi Kwok	Adult education center and DO	460,071
6/30/2022	EP-200408	Blach Construction	Adult education center and DO	427,744
6/30/2022	EP-200208	Lathrop Construction	Fremont HS- Mod. Wings 70 & 80	403,331
6/30/2022	EP-200206	Blach Construction	LHS science building	383,548
3/29/2022	PO-211194	Robert A Bothman	LHS athletic field improvement	370,121



Fremont Union High School District  
 Building Fund - 2018 Measure CC General Obligation Bond Resource  
 Appendix A – Nonpayroll Expenditures Reviewed  
 Year Ended June 30, 2022

<b>Date</b>	<b>Reference</b>	<b>Vendor</b>	<b>School Site and Project</b>	<b>Amount</b>
6/3/2022	PO-221344	Blach Construction	Adult education center and DO	361,223
6/3/2022	PO-221344	Blach Construction	Adult education center and DO	361,223
9/28/2021	PO-211194	Robert A Bothman	LHS athletic field improvement	357,521
1/25/2022	PO-202314	Blach Construction	Adult education center and DO	339,142
8/27/2021	PO-211374	Lathrop Construction	MVHS building D modernization	323,168
6/28/2022	PO-221364	Lathrop Construction	FHS original building and construction	310,767
6/3/2022	PO-221364	Lathrop Construction	FHS original building and construction	298,143
10/26/2021	PO-211374	Lathrop Construction	MVHS utility	253,672
3/11/2022	PO-202314	Blach Construction	Adult education center and DO	237,291
10/19/21	PO-211024	McKim Design Group	CHS building 400 modernization	155,345
01/19/22	PO-221004	Division of State	LHS science building	111,785
09/10/21	PO-211304	One Workplace	MVHS building D	83,155
02/01/22	PO-202114	Kris Gilbert	FHS theater, original building and student center	22,251
02/01/22	PO-220074	Eichler Associates	HHS building A and B upgrade	400
09/28/21	PO-211254	Construction Testing	CHS building 300	243
10/22/21	PO-220014	Allana Buick	FHS building 70	115
<b>Amount Tested</b>				<b>\$ 42,070,963</b>
<b>Non Payroll Expenditures</b>				<b>\$ 50,109,286</b>
<b>Percent Tested</b>				<b>84%</b>