

REPORT OF INDEPENDENT ACCOUNTANTS  
ON APPLYING AGREED-UPON PROCEDURES

Board of Education and  
Independent Citizens' Bond Oversight  
Committee for Measure K  
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 K (the "Committee"), solely to assist the Committee in evaluating District management's assertions concerning expenditures of bond funds for the period July 1, 2014 through September 30, 2014. 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 K 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  
October 23, 2014

**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, 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.

**FRESNO UNIFIED SCHOOL DISTRICT MEASURE K GENERAL OBLIGATION BONDS**

On March 6, 2001, the electorate of the Fresno Unified School District approved the issuance of up to \$199,000,000 in general obligation bonds with greater than 55% of the votes in favor. The abbreviated text of the ballot language was as follows:

"Shall the Fresno Unified School District:

- reduce overcrowding by building new classrooms/schools,
- make the District eligible for State matching funds,
- acquire school technology and hardware,
- repair plumbing, heating and air conditioning systems,
- renovate and modernize deteriorating classrooms,
- build library/media centers,
- upgrade classroom electrical wiring for computers,
- repair, rehabilitate, construct and acquire educational facilities and related property;

and issue \$199 million of bonds for the above purposes, at interest rates within the legal limit?

As required by the California Constitution, the proceeds from the sale of the bonds will be used only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, and not for any other purpose, including not for teacher and administrator salaries and other school operating expenses."

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

In July 2001, the District issued Measure K General Obligation Bonds, Series A, in the amount of \$10,000,000. In April 2002, the District issued Measure K General Obligation Bonds, Series B, in the amount of \$19,000,000. In February 2003, the District issued Measure K General Obligation Bonds, Series C, in the amount of \$19,000,000. In August 2005, the District issued Measure K General Obligation Bonds, Series D, in the amount of \$31,000,000. In July 2006, the District issued Measure K General Obligation Bonds, Series E, in the amount of \$35,000,000. In December 2009, the District issued Measure K General Obligation Bonds, Series F, in the amount of \$29,429,022. In October 2011, the District issued Measure K General Obligation Bonds, Series G, in the amount of \$55,570,915. The stated purposes of each of the issuances were for the acquisition and construction of new schools and facilities and to improve and repair existing schools.

**FRESNO UNIFIED SCHOOL DISTRICT  
PROCEDURES PERFORMED AND CONCLUSIONS**

**PROCEDURES PERFORMED**

Fresno Unified School District provided a list of all Measure K project expenditures from July 1, 2014 through September 30, 2014 (the "List"). An approximate total of 230 items were identified representing \$2,403,379 in expenditures. We performed the following procedures to the List of Measure K bond expenditures:

- Verified the mathematical accuracy of the List.
- Selected a sample of 25 expenditures totaling \$2,184,326. The sample was selected to provide a representation across all construction projects, vendors and expenditure amounts. The sample represented approximately 11% of the total number of expenditures and 91% 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 or other expenses.

**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 or other expenses.