

**SWEETWATER UNION HIGH SCHOOL DISTRICT**

**PROPOSITION O BONDS PROGRAM  
PERFORMANCE AUDIT REPORT**

June 30, 2025

SWEETWATER UNION HIGH SCHOOL DISTRICT  
Chula Vista, California

PROPOSITION O BONDS PROGRAM  
PERFORMANCE AUDIT REPORT  
June 30, 2025

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## INDEPENDENT AUDITOR'S REPORT

Audit and Finance Subcommittee and Governing Board  
Sweetwater Union High School District  
Chula Vista, California

We have conducted a performance audit of Sweetwater Union High School District (the "District") Proposition O General Obligation Bond funds for the year ended June 30, 2025.

We conducted our performance audit in accordance with *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 conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on pages 3 through 9 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Proposition O General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for Sweetwater Union High School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Sweetwater Union High School District to determine the audit procedures that are appropriate for the purpose of providing conclusions on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal control.

The results of our tests indicated that, in all significant respects Sweetwater Union High School District met the objectives listed on pages 3 through 9 and expended Proposition O General Obligation Bond funds for the year ended June 30, 2025 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.



Crowe LLP

Sacramento, California  
December 2, 2025

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BACKGROUND INFORMATION  
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The Proposition O Sweetwater Union High School District safety and repair measure (“Proposition O”) was approved by District voters in November 2006 to provide \$644 million in improvements to Sweetwater Union High School District facilities. Proposition O Bonds, required 55% favorable vote for passage and requirements per Article 13A of the California Constitution, as paraphrased:

- Proceeds from the sale of the bonds are to be used only for the purpose of acquisition, 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, and not for any other purpose, including teacher and administrative salaries and other school operating expenses.
- A list is to be developed for the specific school facilities projects to be funded, and verification that the school district board has evaluated safety, class size reduction, and information technology needs in developing that list.
- A requirement that the school district board conduct annual, independent financial and performance audits until the entire bonds proceeds have been expended for the school facilities projects set forth per the ballot measure. The performance audit is done to ensure that the funds have been expended only on the specific projects listed.

Per the Proposition O ballot language the bonds are to be used *“To improve learning/safety at every Sweetwater Union High School District campus by repairing/earthquake retrofitting classrooms/restrooms; installing upgraded fire safety systems, security fencing, safety lighting; upgrading science labs/computer technology; improving handicap accessibility; replacing leaky roofs, heating/air conditioning, outdated plumbing; removing asbestos, mold, and lead paint; shall the District issue \$644 million in bonds, at legal interest rates, with citizens’ oversight, independent annual audits and no money for administrators’ salaries?”*

The Bond Project List of the Proposition O Bonds (the “List”) was approved by the District’s Governing Board at a public meeting on November 7, 2006. The List describes the specific projects the District proposes to finance with the proceeds of the Proposition O Bonds. Listed projects are completed as needed at a particular school site according to the Board-reviewed Bond Project List.

Bond Issuances: On March 12, 2008, the District issued Series A General Obligation Bonds totaling \$180,000,000 (Series 2008A) under the Proposition O authorization, consisting of \$17,265,000 in serial bonds and \$162,735,000 in term bonds. The Series 2008A bonds were originally scheduled to mature through August 1, 2047, at interest rates ranging from 3.00 to 5.625 percent. On March 24, 2016, the District issued 2016 GO Refunding Bonds to refund certain maturities of the Series 2008A bonds. The remaining unrefunded bonds matured through August 1, 2018, at interest rates ranging from 4.00 to 5.625 percent.

On March 24, 2016, the District issued Series B General Obligation Bonds totaling \$97,000,000 (Series 2016B) under the Proposition O authorization. The Series 2016B bonds were issued to repay the 2013 GO Bond Anticipation Notes for Proposition O totaling \$32,820,000, as well as to fund Proposition O projects, and pay related debt issuance costs. The Series 2016B bonds mature through August 1, 2040, at interest rates ranging from 2.00 to 4.00 percent.

On April 4, 2018, the District issued Series C General Obligation Bonds totaling \$28,000,000 (Series 2018C) under the Proposition O authorization. The Series 2018C bonds were issued to fund Proposition O projects and to pay related debt issuance costs. The Series 2018C bonds mature through August 1, 2047, at interest rates ranging from 3.50 to 5.00 percent.

On October 12, 2022, the District issued Series D General Obligation Bonds totaling \$52,339,157 (Series 2022D) under the Proposition O authorization. The Series 2022D bonds were issued to fund Proposition O projects, to fund capitalized interest on the bonds, and to pay related debt issuance costs. The Series 2022D bonds mature through August 1, 2047, at interest rates ranging from 4.16 to 5.49 percent.

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**1. COMPLIANCE WITH CERTAIN APPLICABLE LAWS AND REGULATIONS**

Objective: Determine compliance with Public Contract Code related to bid requirements and District policy.

Procedures Performed: Crowe requested a listing of professional services contracts entered into during the fiscal year ending June 30, 2025. Crowe determined that, for the fiscal year from July 1, 2024 to June 30, 2025, there were no contracts subject to bidding procedures for Proposition O projects.

Conclusions: The results of our procedures indicated that there were no professional services contracts entered into with relation to Proposition O for the fiscal year from July 1, 2024 to June 30, 2025.

**2. COMPLIANCE WITH DISTRICT POLICY FOR CHANGE ORDERS**

Objective: Determine whether the change order process for accuracy and approvals are consistent with the applicable Governing Board policy and the Public Contract Code.

Procedures Performed: Crowe requested a listing of projects with change orders initiated or finalized in relation to Proposition O contracts during the fiscal year ending June 30, 2025. Crowe determined that, for the fiscal year from July 1, 2024 to June 30, 2025, there were no change orders for Proposition O contracts.

Conclusions: The results of our procedures indicated that there were no change orders initiated or finalized on contracts during the fiscal year ending June 30, 2025, with respect to the Proposition O Bonds.

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### 3. BOND EXPENDITURES AND RECORDKEEPING

Objectives: Determine whether total individual contract awards agree to total project expenditures, verify that the facilities project expenditure tracking system reconciles to District's Infor accounting and business system, and determine if expenditures are described in the budget.

Procedures Performed: Crowe tested \$6,842,839 of the total \$9,146,644 project expenditures incurred for the fiscal year from July 1, 2024 to June 30, 2025. Crowe obtained the budget detail and facilities project expenditure tracking worksheets and traced the expenditure detail to the Infor accounting and business system. Further, reviewed budget for descriptions of the expenditure types.

Conclusions: The results of our tests indicated that, in all significant respects, total individual contract awards agree to total project expenditures reported, amounts reported were reconciled to total project expenditures and expenditures were paid within contract awards and were consistent within the Infor accounting and business system, the expenditures related to the contracts were described in the budget.

Objectives: Determine whether the District expended the Proposition O bond funds for the year from July 1, 2024 to June 30, 2025 only for the purposes approved by the voters and only on the specific projects developed by the District's Governing Board, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

Procedures Performed: Crowe tested 12 expenditures totaling to \$6,842,839 or 75% of the total \$9,146,644 Proposition O expenditures reported for the fiscal year ended June 30, 2025 (see Appendix I).

Conclusions: The results of our procedures indicated that, in all significant respects, the District expended the Proposition O bond funds for the year from July 1, 2024 to June 30, 2025 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

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**3. BOND EXPENDITURES AND RECORDKEEPING (Continued)**

Objectives: Determine whether selected projects of the Proposition O Bonds are real and exist.

Procedures Performed: To physically observe the existence of Proposition O construction projects of the District, on August 7, 2025, Crowe conducted in-person site visits at one site where construction activities took place during the fiscal year ended June 30, 2025. At the visited site, a total of approximately \$4.9 million was spent during the fiscal year, which accounts for approximately 54% of the \$9.1 million in expenditures for the same period.

<u>School Site Walks</u>	<u>Major Work Observed</u>	<u>Total Proposition O Project Cost</u>
Mar Vista Academy	Building and Site Improvements	<u>\$ 4,933,201</u>

Conclusions: The results of our procedures indicated that, in all significant respects, the projects are real and exist.

Objectives: Verify whether rates charged by professional service organizations through their billings were consistent with their contracted rates.

Procedures Performed: Crowe obtained the detail for the account object codes used to track expenditures with professional service organization to include architect/engineer fees, contracts, preliminary tests/site survey, construction management, testing, and inspection. The total expenditures of these codes totaled \$814,247. The total expenditures selected for testing was \$665,037 or 82%. This amount selected was comprised of 3 vendors that were charged to the bond program and compared the amounts charged, employees charged, and position billing rates with the amounts specified in the original board approved contract.

Conclusions: The results of our procedures indicated that, in all significant respects, rates charged by professional service organizations through their billings were consistent with their contracted rates during the fiscal year from July 1, 2024 to June 30, 2025.

Objectives: Verify transfers made to and from the bond funds were appropriate and not utilized to supplement the District's short-term cash flows.

Procedures Performed: Crowe inspected supporting documents to include bank statements and general ledger to confirm there were no transfers into or out of the Proposition O Bond funds during the fiscal year from July 1, 2024 to June 30, 2025.

Conclusions: The results of our procedures indicated that there were no transfers made into or out of the Proposition O Bond funds during the fiscal year from July 1, 2024 to June 30, 2025.

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#### 4. DOCUMENTATION OF PROGRAM MANAGEMENT PROCEDURES

Objectives: Determine whether management had a plan to monitor the planning and execution of projects in place and verify that the project statuses communicated to the Citizens' Bond Oversight Committee (CBOC) and taxpayers were accurate during the fiscal year from July 1, 2024 to June 30, 2025.

Procedures Performed: Crowe performed inquiries of District management, examined supporting documents, and traced reports to source documentation to document management's plan to monitor project planning and execution of projects.

Per the results of our inquiries, Crowe noted that Project Managers meet with the Director of Planning and Construction once a week at a minimum to monitor existing and upcoming construction projects. Regarding project execution, management monitors key data points including billing percentage of completion, construction percentage of completion, observations related to individual projects, and change order status. The reports that Crowe examined included the following:

- Construction Project Input Forms
- Project Planning Checklists
- Project Resource Assignments
- Monthly Capital Improvement Program Status Reports

Conclusions: The results of our procedures indicated that, in all significant respects, District staff in the Planning and Construction department have a plan in place to oversee construction management, program management, and contract management processes and the status of each project was communicated and was accurate.

Objectives: Determine whether the communicated project status was accurate to the Citizens' Bond Oversight Committee (CBOC) and taxpayers during the fiscal year from July 1, 2024 to June 30, 2025.

Procedures Performed: Crowe examined documents used by management to monitor the planning and execution of projects and communicate project status with the CBOC and taxpayers. The reports that Crowe examined included the following:

- Capital Improvement Program Status Report
- Consolidated Budget and Expenditure Monthly Status Report
- Active Projects Monthly Status Report
- Current Budget Detail Monthly Report

Crowe verified that the status reports were presented to the Board on bi-monthly basis verifying through inspection of the meeting minutes for three meetings confirming the inclusion of the above reports provided in the board packet for review and approval.

In order to determine whether the aforementioned reports are consistent with one another and accurate relative to source documentation we sampled key data points (including contract name, number, vendor, and amount).

Conclusions: The results of our procedures indicated that, in all significant respects, project status communicated to the CBOC and taxpayers was accurate during the fiscal year from July 1, 2024 to June 30, 2025.

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## 5. SPECIAL INTEREST ITEMS

Objectives: Determine whether the District complied with the Governing Board approved budget and position control during the fiscal year from July 1, 2024 to June 30, 2025.

Procedures Performed: Performed inquiries with Planning and Construction management to document compliance with the Governing Board's approved budget and position control. Crowe noted that the budget process occurs annually and is reviewed and approved by the District's Governing Board prior to implementation. The first draft of the budget is developed in June of the preceding fiscal year. The First Interim report is brought to the Board in December, and Second Interim report in March. The Governing Board also has the option to amend the budget as deemed necessary throughout the year. Crowe inspected the District-wide budget including the budget for the Proposition O Bonds for fiscal year 2024-25, which was noted as reviewed, and approved by the Board on June 24, 2025.

Planning and Construction also maintain budgets at a project site level, and at the full Proposition O Bonds level, which are generated, updated and utilized internally by management while also being made available to public review and oversight. The primary document made available to the public is the Capital Improvement Program Status Report generally presented on a bi-monthly basis. Crowe inspected the Financial Status Through May 31, 2025, and Construction Status through May 31, 2025 in the Capital Improvement Status Report and verified the inclusion of the budget to actual summary reported by project site level. This, along with the project level budget adjustments, was reviewed and approved by the Board on June 23, 2025.

Conclusions: The results of our procedures indicated that, in all significant respects, the District complied with the Governing Board's approved budget and position control during the fiscal year from July 1, 2024 to June 30, 2025.

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**5. SPECIAL INTEREST ITEMS (Continued)**

Objectives: Determine whether the Bond Oversight Committee (CBOC) meets regularly during the fiscal year from July 1, 2024 to June 30, 2025.

Procedures Performed: Performed inquiries with management and inspected CBOC meeting minutes and reports. See the chart below for illustration of CBOC meeting frequency for fiscal year from July 1, 2024 to June 30, 2025. As a result of its evaluations, the CBOC provides quarterly status reports to the District Board. All reports are available online on the District's web page.

The CBOC was formed to be a supportive committee of the District, which contributes value to the District and the Proposition O and serves to protect community interests in the utilization and expenditure of the bond funds. The central purpose is to ensure that expenditures of bond measures are in conformity with the law, and that taxpayers directly participate in the oversight of bond expenditures, and that the members of the oversight committee alert the public to any waste or improper expenditure of School construction money. The committee meets on a regular basis along with planning and construction management & fiscal services to discuss these items.

<u>Month</u>	<u>Number of CBOC Meetings</u>
July 2024	0
August 2024	1
September 2024	0
October 2024	1
November 2024	0
December 2024	0
January 2025	0
February 2025	0
March 2025	1
April 2025	0
May 2025	0
June 2025	0

Conclusions: The results of our procedures indicated that, in all significant respects, the CBOC met regularly during the fiscal year from July 1, 2024 to June 30, 2025.

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**5. SPECIAL INTEREST ITEMS (Continued)**

Objectives: Determine whether the District sufficiently informs and engages community stakeholders about bond-funded projects during the fiscal year from July 1, 2024 to June 30, 2025.

Procedures Performed: Crowe performed inquiries with the Director of Planning and Construction, requesting support to understand communication protocols and procedures the District carries out to satisfy external communications. The District utilizes several avenues to notify the community regarding the bond-funded project. Crowe inspected the Proposition O website confirming that it was maintained and provided updates and status report. Crowe also noted that business opportunities and requests for proposals were properly advertised on the website as well as within local newspapers. Lastly, all reviewed and approved Capital Improvement Program status reports are included in the Board meeting minutes and made publicly available on the District's website.

Conclusions: The results of our procedures indicated that, in all significant respects, the District informed and engaged community stakeholders about bond-funded projects during the fiscal year from July 1, 2024 to June 30, 2025.

Objectives: Determine whether the warranty monitoring and preventative maintenance process are in place and are occurring during the fiscal year from July 1, 2024 to June 30, 2025.

Procedures Performed: Crowe performed inquiries with the Director of Maintenance to understand the monitoring process for warranties and preventative maintenance. Additionally, Crowe obtained the preventative maintenance schedule for the District consisting of 400 work orders over the 38 sites. Crowe agreed closed preventative maintenance work orders to the preventative maintenance schedule for 2 weeks of 13 school sites for a total of 26 selections.

Conclusions: The results of our procedures indicated that, in all significant respects, the warranty monitoring and preventative maintenance process was in place occurred throughout the fiscal year from July 1, 2024 to June 30, 2025.

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Appendix I: Objective 3 Non-Payroll Expenditures Tested

<u>Vendor</u>	<u>Date</u>	<u>Amount</u>	<u>Project Description</u>
1 Conan Construction, Inc	03/12/25	\$ 616,126	Mar Vista Academy Building and Site Improvements
2 *Various	09/04/24	536,327	Issuance Costs on Refunding
3 SVA Architects, Inc	12/11/24	33,660	Mar Vista Middle School Building and Site Improvements
4 Conan Construction, Inc	03/12/25	32,428	Mar Vista Academy Building and Site Improvements
5 San Diego Gas & Electric	08/24/24	15,252	Hilltop Middle School Building Modernization
6 Conan Construction, Inc	06/01/25	1,268,797	Castle Park High School Building and Site Improvements
7 Conan Construction, Inc	05/01/25	989,441	Castle Park High School Building and Site Improvements
8 Conan Construction, Inc	03/31/25	1,350,028	Castle Park High School Building and Site Improvements
9 Conan Construction, Inc	05/02/25	812,988	Mar Vista Academy Building and Site Improvements
10 Conan Construction, Inc	04/28/25	638,198	Mar Vista Academy Building and Site Improvements
11 Conan Construction, Inc	04/28/25	522,114	Mar Vista Academy Building and Site Improvements
12 Conan Construction, Inc	04/28/25	<u>27,480</u>	Mar Vista Academy Building and Site Improvements
		<u>\$ 6,842,839</u>	