

SWEETWATER UNION HIGH SCHOOL DISTRICT

**MEASURE DD BONDS PROGRAM
PERFORMANCE AUDIT REPORT**

June 30, 2025

SWEETWATER UNION HIGH SCHOOL DISTRICT
Chula Vista, California

MEASURE DD BONDS PROGRAM
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CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
BACKGROUND INFORMATION	2
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS	3
APPENDIX I – SCHEDULE OF SPECIFIC NON-PAYROLL EXPENDITURES TESTED	10

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") Measure DD 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 Measure DD 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 Measure DD 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

SWEETWATER UNION HIGH SCHOOL DISTRICT
MEASURE DD BONDS PROGRAM
PERFORMANCE AUDIT REPORT
BACKGROUND INFORMATION
June 30, 2025

The Measure DD Sweetwater Union High School District safety and repair measure (“Measure DD Bonds”) was approved by District voters in November 2018 to provide \$403 million in improvements to Sweetwater Union High School District facilities. The Measure DD 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, replacement, furnishing and equipping of school facilities on the Bond Project List.
- 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 Measure DD ballot language the bonds are to be used *“To repair/upgrade classrooms, libraries, science labs; prepare students for college/careers; expand science, technology, engineering, math instruction; remove hazardous asbestos/lead; fix deteriorating roofs; and improve school safety; shall the District issue \$403 million in bonds, at legal rates, raising \$26 million annually over 30 years at approximately 2 cents/\$100 assessed value, with citizens' oversight, independent annual audits, and no money for administrators' salaries and all money staying local?”*

The Bond Project List of the Measure DD Bonds (the “List”) was approved by the District's Governing Board at a public meeting on November 6, 2018. The List describes the specific projects the District proposes to finance with the proceeds of the Measure DD Bonds. Listed projects are completed as needed at a particular school site according to the Board-reviewed Bond Project List.

Bond Issuances: On October 12, 2022 the District issued Series A-1 General Obligation Bonds totaling \$199,480,000 (Series 2022A-1), under the Measure DD authorization. The Series 2022A-1 Bonds were issued to provide funds for authorized capital projects and pay related debt issuance costs. The Series 2022A-1 Bonds mature in varying amounts through August 1, 2052, at interest rates ranging from 4.50 to 5.00 percent.

On October 12, 2022 the District issued Series A-2 General Obligation Bonds totaling \$520,000 (Series 2022A-2), under the Measure DD authorization. The Series 2022A-2 Bonds were issued to provide funds for authorized capital projects and pay related debt issuance costs. The Series 2022A-2 Bonds matured on February 1, 2023, at an interest rate of 4.25 percent.

SWEETWATER UNION HIGH SCHOOL DISTRICT
 MEASURE DD BONDS PROGRAM
 PERFORMANCE AUDIT REPORT
 OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS
 June 30, 2025

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 selected 1 professional service contract out of a total population of 2, as noted below, comprising a total value of approximately \$17 million of construction commitments that the District entered into during the fiscal year from July 1, 2024 to June 30, 2025. Crowe tested compliance with the public bidding and contractor selection requirements set forth in California law, including the Public Contract Code, as well as District Policy. The attributes tested included:

- Completion of two week advertising requirement
- Existence of bidder’s security
- Selection of lowest qualified bidder
- Board approval
- Compliance with disabled veteran business enterprise (DVBE)% participation goal

Project Name	Contract Amount	Advertising Requirement	Bidder's Security	Low est Qualified	Board Approved	DVBE Met
BVH Building & Site Improvement	17,047,000	Y	Y	Y	Y	Y
	17,047,000					

Conclusions: The results of our procedures indicated that, in all significant respects, the District complied with all applicable sections of the Public Contract Code and District policy related to bid requirements, with respect to the Measure DD Bonds.

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 tested 1 project with a contract change order, out of a total of 9 change orders identified during the fiscal year ended June 30, 2025, to assess compliance with applicable Governing Board policy and applicable laws and regulations. The attributes tested included:

- Accuracy of designation
- Accuracy of change order amount
- Proper approval

Projects	Original Contract Amount	Approvals (District Under \$50k & Board Over \$50k)	Number of Change Orders	Allowance as a Percentage of Contract Amount	Cumulative total of change orders
CPH Stadium Modernization	\$ 34,354,027	Y	4	0.0%	\$ 111,220

Conclusions: The results of our procedures indicated that, in all significant respects, change orders were accurate with respect to the designation, the amount and the proper approval of the Governing Board, as required by Governing Board policy and the Public Contract Code, with respect to the Measure DD Bonds.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
MEASURE DD BONDS PROGRAM
PERFORMANCE AUDIT REPORT
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS
June 30, 2025

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 approximately \$19.7 million of the District's total project expenditures, which was approximately \$63 million 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.

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

Objectives: Determine whether the District expended the Measure DD General Obligation 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 27 expenditures totaling to \$19.7 million or 31% of the \$63 million. The number of tested items included 25 non-payroll expenditures totaling \$19.6 million (see Appendix I), which represented approximately 32% of the total \$62.2 million non-payroll expenditures. Additionally, 2 employees' payroll expenditures were tested totaling \$112 thousand, which represented approximately 14% of the total \$794 thousand of payroll expenditures.

Conclusions: The results of our procedures indicated that, in all significant respects, the District expended the Measure DD General Obligation Bonds 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.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
 MEASURE DD BONDS PROGRAM
 PERFORMANCE AUDIT REPORT
 OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS
 June 30, 2025

3. BOND EXPENDITURES AND RECORDKEEPING (Continued)

Objectives: Determine whether selected projects of the Measure DD Bonds are real and exist.

Procedures Performed: To physically observe the existence of Measure DD construction projects of the District, on August 7, 2025, Crowe conducted in-person site visits at the three sites where construction activities took place during the fiscal year ended June 30, 2025. At the visited sites, a total of approximately \$48 million was spent during the fiscal year, which accounts for approximately 76% of the \$63 million in expenditures for the same period.

<u>School Site Walks</u>	<u>Major Work Observed</u>	<u>Total Measure DD Project Cost</u>
Castle Park High School	Stadium Modernization	\$ 26,414,460
Mar Vista Academy	Building and Site Improvements	713,998
Mar Vista High School	Stadium Modernization	<u>20,900,811</u>
		<u>\$ 48,029,269</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 during the fiscal year from July 1, 2024 to June 30, 2025.

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 \$30.4 million. The total expenditures selected for testing was \$20.4 million or 67%. This amount selected was comprised of 8 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 Measure DD 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 Measure DD Bonds during the fiscal year from July 1, 2024 to June 30, 2025.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
MEASURE DD BONDS PROGRAM
PERFORMANCE AUDIT REPORT
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS
June 30, 2025

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 project status communicated to the Citizens' Bond Oversight Committee (CBOC) and taxpayers was accurate, 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.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
MEASURE DD BONDS PROGRAM
PERFORMANCE AUDIT REPORT
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS
June 30, 2025

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 Measure DD 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 Measure DD 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.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
MEASURE DD BONDS PROGRAM
PERFORMANCE AUDIT REPORT
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS
June 30, 2025

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 Measure DD Bonds 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.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
MEASURE DD BONDS PROGRAM
PERFORMANCE AUDIT REPORT
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS
June 30, 2025

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 Measure DD 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.

SWEETWATER UNION HIGH SCHOOL DISTRICT
MEASURE DD BONDS PROGRAM
PERFORMANCE AUDIT REPORT
SCHEDULE OF SPECIFIC NON-PAYROLL EXPENDITURES TESTED
June 30, 2025

Appendix I: Objective 3 Non-Payroll Expenditures Tested

	<u>Vendor</u>	<u>Date</u>	<u>Amount</u>	<u>Project Description</u>
1	Byrom-Davey, Inc.	11/22/24	\$ 2,762,045	Castle Park High Stadium Modernization
2	Byrom-Davey, Inc.	03/05/25	2,627,525	Chula Vista High Stadium Modernization
3	Byrom-Davey, Inc.	02/08/25	2,579,109	Castle Park High Stadium Modernization
4	Byrom-Davey, Inc.	12/11/24	2,245,830	Mar Vista High Stadium Modernization
5	Byrom-Davey, Inc.	11/06/24	2,032,895	Castle Park High Building and Site Improvements
6	Byrom-Davey, Inc.	12/11/24	1,907,445	Bonita Vista High Building and Site Improvements
7	Byrom-Davey, Inc.	10/30/24	1,394,693	Castle Park High Building and Site Improvements
8	Byrom-Davey, Inc.	03/05/25	1,175,994	Bonita Vista High Building and Site Improvements
9	Byrom-Davey, Inc.	09/25/24	1,000,599	Mar Vista High Stadium Modernization
10	Byrom-Davey, Inc.	11/22/24	978,540	Castle Park High Building and Site Improvements
11	Kitchell/CEM Inc.	01/30/25	132,144	Granger Jr. High Building and Site Improvements
12	Kitchell/CEM Inc.	10/30/24	110,889	Bonita Vista High Building and Site Improvements
13	Balfour Beatty Construction Group Inc	10/30/24	90,934	Castle Park High Stadium Modernization
14	Balfour Beatty Construction Group Inc	01/30/25	83,117	Granger Jr. High Building and Site Improvements
15	Balfour Beatty Construction Group Inc	11/22/24	81,441	Chula Vista High Stadium Modernization
16	Lord Architecture, Inc.	11/22/24	70,663	Southwest High Stadium Modernization
17	Balfour Beatty Construction Group Inc	10/08/24	61,468	Castle Park High Building and Site Improvements
18	Balfour Beatty Construction Group Inc	09/07/24	50,443	Castle Park High Building and Site Improvements
19	Lord Architecture, Inc.	12/04/24	45,300	Mar Vista High Building and Site Improvements
20	Group Delta Consultants, Inc.	03/05/25	41,443	Southwest High Stadium Modernization
21	Group Delta Consultants, Inc.	01/26/25	38,100	Castle Park High Stadium Modernization
22	Balfour Beatty Construction Group Inc	10/30/24	34,479	Chula Vista High Stadium Modernization
23	Group Delta Consultants, Inc.	09/25/24	32,281	Chula Vista High Stadium Modernization
24	Kitchell/CEM Inc.	03/12/25	30,000	Granger Jr. High Building and Site Improvements
25	A&A Flooring	12/11/24	28,295	Castle Park High Stadium Modernization
			<u>\$ 19,635,672</u>	