

SWEETWATER UNION HIGH SCHOOL DISTRICT

**MEASURE RR BONDS PROGRAM
PERFORMANCE AUDIT REPORT**

June 30, 2025

SWEETWATER UNION HIGH SCHOOL DISTRICT
Chula Vista, California

MEASURE RR BONDS PROGRAM
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June 30, 2025

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 RR General Obligation Bond funds for the period 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 8 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure RR 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 8 and expended Measure RR General Obligation Bond funds for the period 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 RR BONDS PROGRAM
PERFORMANCE AUDIT REPORT
BACKGROUND INFORMATION
June 30, 2025

The Measure RR Sweetwater Union High School District safety and repair measure (“Measure RR Bonds”) was approved by District voters in November 2024 to provide \$647 million in improvements to Sweetwater Union High School District facilities. The Measure RR 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 RR ballot language, the bonds are to be used *“To repair/upgrade schools, including vocational/career, science, engineering classrooms/labs, technology; improve safety/security, emergency communications systems; remove asbestos/lead paint/mold; provide safe drinking water; and repair gas/sewer lines, restrooms; shall the District issue \$647 million in bonds at legal rates, levying \$30 per \$100,000 of assessed valuation, raising approximately \$42,600,000 annually while bonds are outstanding, requiring public spending disclosure, oversight, all funds used locally, be adopted?”*

The Bond Project List of the Measure RR Bonds (the “List”) was approved by the District’s Governing Board at a public meeting on November 5, 2024. The List describes the specific projects the District proposes to finance with the proceeds of the Measure RR Bonds. Listed projects are completed as needed at a particular school site according to the Board-reviewed Bond Project List.

Bond Issuances: On March 5, 2025 the District issued Series A-1 General Obligation Bonds totaling \$840,000 (Series 2025A-1), under the Measure RR authorization. The Series 2025A-1 Bonds were issued to provide funds for authorized capital projects, fund capitalized interest on the bonds, and pay related debt issuance costs. The Series 2025A-1 Bonds matured August 1, 2025, at an interest rate of 4.60 percent.

On March 5, 2025 the District issued Series A-2 General Obligation Bonds totaling \$43,160,000 (Series 2025A-2), under the Measure RR authorization. The Series 2025A-2 Bonds were issued to provide funds for authorized capital projects and to pay related debt issuance costs. The Series 2025A-2 Bonds mature in varying amounts through August 1, 2045, at interest rates ranging from 4.00 percent to 5.00 percent.

On March 5, 2025 the District issued Series A-3 General Obligation Bonds totaling \$6,000,000 (Series 2025A-3), under the Measure RR authorization. The Series 2025A-3 Bonds were issued to provide funds for authorized capital projects, fund capitalized interest on the bonds and to pay related debt issuance costs. The Series 2025A-3 Bonds mature in varying amounts through August 1, 2030, at an interest rate of 5.00 percent.

SWEETWATER UNION HIGH SCHOOL DISTRICT
MEASURE RR 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 requested a listing of professional services contracts entered into during the fiscal period ending June 30, 2025. Crowe determined that, for the fiscal period from November 5, 2024 to June 30, 2025, there were no contracts subject to bidding procedures for the Measure RR projects.

Conclusions: The results of our procedures indicated that there were no professional services contracts entered into with relation to Measure RR for the fiscal period from November 5, 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 Measure RR contracts during the fiscal period ending June 30, 2025. Crowe determined that, for the fiscal period from November 5, 2024 to June 30, 2025, there were no change orders for Measure RR contracts.

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

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 \$503 thousand of the District's total project expenditures, which was approximately \$859 thousand for the fiscal period from November 5, 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.

(Continued)

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

3. BOND EXPENDITURES AND RECORDKEEPING (Continued)

Objectives: Determine whether the District expended the Measure RR General Obligation Bond funds for the period from November 5, 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 6 expenditures totaling to \$502,807 or 59% of the total \$859,090 Measure RR expenditures reported for the fiscal period ended June 30, 2025 (see Appendix I).

Conclusions: The results of our procedures indicated that, in all significant respects, the District expended the Measure RR General Obligation Bonds for the period from November 5, 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.

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

Procedures Performed: To physically observe the existence of Measure RR construction projects of the District, Crowe planned to conduct in-person site visits at a sample of District sites where construction activities took place during the fiscal period from November 5, 2024 to June 30, 2025. However, Crowe performed inquiries of the Director of Planning and Construction, and identified that during the audit period, all project expenditures were comprised of issuance costs and audit fees. Crowe further reviewed project expenditure details and there was no indication of active construction activities for the Measure RR bond construction projects during the fiscal period from November 5, 2024 to June 30, 2025.

Conclusions: The results of our tests indicate that there were no projects with construction activities during the period, and therefore no projects required an in-person site visit during the fiscal period from November 5, 2024 to June 30, 2025.

Objectives: Verify whether rates charged by professional service organizations through their billings were consistent with their contracted rates during the fiscal period from November 5, 2024 to June 30, 2025.

Procedures Performed: Crowe obtained the detail for the account object codes used to track expenditures with professional service organizations to include architect/engineer fees, contracts, preliminary tests/site survey, construction management, testing, and inspection. There were no expenditures of these codes for the fiscal period from November 5, 2024 to June 30, 2025.

Conclusions: The results of our procedures indicated that there were no expenditures for professional organizations to include architect/engineer fees, contracts, preliminary tests/site survey, construction management, testing, or inspection during the fiscal period ending June 30, 2025, with respect to the Measure RR Bonds.

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

3. BOND EXPENDITURES AND RECORDKEEPING (Continued)

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 RR Bond funds during the fiscal period from November 5, 2024 to June 30, 2025.

Conclusions: The results of our procedures indicated that there were no transfers made into or out of the Measure RR Bonds during the fiscal period from November 5, 2024 to 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 period from November 5, 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.

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

4. DOCUMENTATION OF PROGRAM MANAGEMENT PROCEDURES

Objectives: Determine whether the project status communicated to the Citizens' Bond Oversight Committee (CBOC) and taxpayers was accurate, during the fiscal period from November 5, 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 period from November 5, 2024 to June 30, 2025.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
MEASURE RR 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 period from November 5, 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 period from November 5, 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 RR 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>
November 2024	1
December 2024	0
January 2025	0
February 2025	0
March 2025	0
April 2025	1
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 period from November 5, 2024 to June 30, 2025.

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SWEETWATER UNION HIGH SCHOOL DISTRICT
MEASURE RR 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 period from November 5, 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 RR 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 period from November 5, 2024 to June 30, 2025.

SWEETWATER UNION HIGH SCHOOL DISTRICT
 MEASURE RR 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	Various*	03/05/25	\$ 6,056	Cost of Issuance - Measure RR Series 2025A-1 Taxable
2	Various*	03/05/25	311,161	Cost of Issuance - Measure RR Series 2025A-2 Non-Taxable
3	Various*	03/05/25	43,257	Cost of Issuance - Measure RR Series 2025A-3 Non-Taxable
4	Various*	03/05/25	2,185	Underwriter Discount - Measure RR Series 2025A-1 Taxable
5	Various*	03/05/25	123,043	Underwriter Discount - Measure RR Series 2025A-2 Non-Taxable
6	Various*	03/05/25	<u>17,105</u>	Underwriter Discount - Measure RR Series 2025A-3 Non-Taxable
			<u>\$ 502,807</u>	

* Expenditure is related to issuance costs for Series 2025A-1, 2025A-2 and 2025A-3.