

SWEETWATER UNION HIGH SCHOOL DISTRICT
MEASURE RR GENERAL OBLIGATION BONDS
FINANCIAL STATEMENTS
June 30, 2025

SWEETWATER UNION HIGH SCHOOL DISTRICT
Chula Vista, California
MEASURE RR GENERAL OBLIGATION BONDS
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the Measure RR General Obligation Bonds (the "Bonds") activity of Sweetwater Union High School District (the "District"), as of and for the period ended June 30, 2025, 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 Measure RR General Obligation Bonds activity, of Sweetwater Union High School District, as of June 30, 2025, and the changes in its financial position for the period 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 Sweetwater Union High School 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 financial activity and balances of the Measure RR General Obligation Bonds activity and do not purport to, and do not, present fairly the financial position of Sweetwater Union High School District, as of June 30, 2025, and the changes in its financial position for the period 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.

(Continued)

Auditor's Responsibility 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 opinion. 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 Sweetwater Union High School 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 2, 2025 on our consideration of the District'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 for the Bonds activity. 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 District's internal control over financial reporting or on compliance for the Bonds activity. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance for the Bonds activity.



Crowe LLP

Sacramento, California
December 2, 2025

SWEETWATER UNION HIGH SCHOOL DISTRICT
MEASURE RR GENERAL OBLIGATION BONDS
BALANCE SHEET
June 30, 2025

ASSETS

Cash and cash equivalents (Note 3)	\$ 49,591,349
Receivables	<u>400,014</u>
Total assets	<u>\$ 49,991,363</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	<u>\$ 355,611</u>
Fund balance – restricted	<u>49,635,752</u>
Total liabilities and fund balance	<u>\$ 49,991,363</u>

See accompanying notes to financial statements.

SWEETWATER UNION HIGH SCHOOL DISTRICT
MEASURE RR GENERAL OBLIGATION BONDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Period Ended June 30, 2025

Revenues:	
Interest income	\$ 471,200
Net increase in fair value of investments	<u>23,642</u>
Total revenues	<u>494,842</u>
Expenditures:	
Current:	
Contract services and operating expenditures	858,418
Capital outlay	<u>672</u>
Total expenditures	<u>859,090</u>
Deficiency of revenues under expenditures	<u>(364,248)</u>
Other financing sources:	
Proceeds from sale of general obligation bonds	<u>50,000,000</u>
Net Change in fund balance	49,635,752
Fund balance, July 1, 2024	<u>-</u>
Fund balance, June 30, 2025	<u>\$ 49,635,752</u>

See accompanying notes to financial statements.

SWEETWATER UNION HIGH SCHOOL DISTRICT
MEASURE RR GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Sweetwater Union High School District (“District”) began operations in 1920 under the laws of the State of California. The District serves approximately 34,300 students in middle school through grade 12, as well as offering adult schools. The District’s educational facilities include 11 middle schools, 12 senior high schools, 4 adult schools, 4 alternative/atypical schools and is the sponsoring agency for 2 charter schools.

In November 2024, the District voters approved Measure RR, which authorized \$647 million in general obligation bonds (“Measure RR Bonds”), which were issued for the construction, reconstruction, and equipping schools as described in the Long Range Facilities Plan.

An oversight committee to the District’s Governing Board and Superintendent, called the Citizens Bond Oversight Committee (CBOC), was established pursuant to the requirements of state law and the provisions of the Measure RR Bonds. The CBOC is required by state law to actively review and report on the proper expenditure of taxpayers’ money for school construction. The CBOC provides oversight and advises the public whether the District is spending Measure RR Bonds proceeds for school capital improvements within the scope of projects outlined in the Measure RR Bond project list. In fulfilling its duties, the CBOC reviews, among other things, the District’s annual performance and financial audits of the Measure RR activity.

The statements presented are for the Measure RR General Obligation Bonds of the District, consisting of the net construction proceeds of Election of 2024 - Series 2025A bonds as issued by the District, through the County of San Diego, and are not intended to be a complete presentation of the District’s financial position or results of operations. There are no related parties or component units included in this financial statement presentation.

Accounting Policies: The accounting policies of Sweetwater Union High School District (the “District”) conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with policies and procedures of the Department of Education’s *California School Accounting Manual*. The activities of the Measure RR General Obligation Bonds are recorded along with other bond activities in the District’s Building Fund. The Measure RR fund was created with the issuance of the bonds in November 2024 through the fiscal period end. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Financial Reporting Entity: The financial statements include the activity and balances of the Measure RR General Obligation Bonds, only. The activities of the Measure RR General Obligation Bonds are recorded along with other bond activities in the District’s Building Fund. These financial statements are not intended to present the financial position and results of operations of Sweetwater Union High School District as a whole.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The basic financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after period end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

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SWEETWATER UNION HIGH SCHOOL DISTRICT
MEASURE RR GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended June 30, 2025

NOTE 1 –SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting: Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, the District's governing board must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board during the period to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the period for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications are nonspendable, restricted, committed, assigned and unassigned. The fund balance of the Measure RR General Obligation Bonds is restricted, as described below.

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. Fund balance is restricted for capital projects of the Building Fund in accordance with the Bond Project List for the Measure RR General Obligation Bonds.

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

Use of Estimates: The presentation 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 during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: For the purposes of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the San Diego County Treasurer's Pooled Investment Fund are considered cash equivalents.

Interfund Activity: Transactions between the Measure RR Bonds and other funds of the District are recorded as interfund transfers. The unpaid balances at period end, as a result of such transactions, are shown as due to and due from other funds of the District. As of and for the period ended June 30, 2025, there were no interfund transfers or amounts due to or due from other funds of the District.

Receivables: Receivables are made up primarily of interest receivable as of June 30, 2025. The District has determined that no allowance for doubtful accounts was required as of June 30, 2025.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
MEASURE RR GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended June 30, 2025

NOTE 2 – GENERAL OBLIGATION BONDS

Bond Authorization: In November 2024, the District voters approved Measure RR, which authorized \$647 million in general obligation bonds.

Purpose of Bonds: The purpose of the Bonds is to better prepare students for college and careers by upgrading classrooms, science labs, computer systems and technology; renovating heating and ventilation system; reducing costs through energy efficiency; improving student safety and security systems; repairing roofs, floors, walkways, bathrooms, electrical, plumbing and sewer systems.

Further Specifications

No Administrator Salaries

Proceeds from the sale of bonds authorized by this measure shall 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.

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 and to 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 an interest rate of 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 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.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2025, consisted of \$49,591,349 held as Cash in County Treasury. In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing San Diego County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value 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.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

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SWEETWATER UNION HIGH SCHOOL DISTRICT
MEASURE RR GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended June 30, 2025

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

Interest Rate Risk: The District does not have a formal investment policy that limits the cash and investment maturities as a means of managing its exposure to fair value arising from increasing interest rates. At June 30, 2025, the District had no significant interest rate risk related to investments held.

Concentration of Credit Risk: The District does not place limits on the amount they may invest in any one issuer. At June 30, 2025, the District had no concentration of credit risk.

NOTE 4 – CONSTRUCTION COMMITMENTS

As of June 30, 2025, the District had no outstanding commitments on construction contracts, nor did the District enter into any such commitments after period and through the date these financial statements were issued.

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*

Audit and Finance Subcommittee and the Governing Board
Sweetwater Union High School District
Chula Vista, 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 financial statements of the Measure RR General Obligation Bonds (the "Bonds") activity of Sweetwater Union High School District (the "District") as of and for the period ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's Measure RR General Obligation Bonds activity financial statements, and have issued our report thereon dated December 2, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sweetwater Union High School District's internal control over Measure RR General Obligation Bonds activity financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sweetwater Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Sweetwater Union High School District'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 a 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 material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sweetwater Union High School District's Measure RR General Obligation Bonds activity financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.



Crowe LLP

Sacramento, California
December 2, 2025

SWEETWATER UNION HIGH SCHOOL DISTRICT
MEASURE RR GENERAL OBLIGATION BONDS
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
June 30, 2025

No matters were reported.